

Ministry holds fare-conscious passengers at bay

by Warren Berryman

THE Transport Ministry has renewed its efforts to stop New Zealanders from buying cheap trans-Atlantic budget fares to protect the Auckland-London route for Air New Zealand and British Airways.

But travel agents have already devised ways to circumvent the ministry and undercut Air New Zealand's

cheapest London fare by about 25 per cent.

In response to travel industry rumours that some trans-Atlantic budget fares could legally be sold in conjunction with the Auckland-Los Angeles budget fare, the ministry advised the airlines that "this practice is to cease immediately."

The ministry drew attention to "the directive issued by the Secretary for Transport, that

the advertising or sale (including the issuance of PTAs or MCOs) of trans-Atlantic budget, standby, and Skytrain fares is not permitted in New Zealand."

PTAs (prepaid ticket advance) and MCOs (miscellaneous charges orders) are a method adopted by some travel agents to get around the ministry's prohibition on budget fare sales here.

Rather than sell a ticket on

Laker Airways, for example, the agent will book the traveller on a flight from Auckland to Los Angeles and Los Angeles to London, but give the traveller an MCO or PTA for the Laker portion of the journey.

The ministry insists that MCOs and PTAs must not be used in this way.

But suppose an MCO for excess baggage were given and the amount just happened to

be the same as a Laker ticket, travel agents rejoice there would be nothing stopping the traveller from using his MCO to fly Laker when he arrived in Los Angeles.

And there is nothing to prevent the New Zealander from buying a one-way fare to Los Angeles, then buying an onward ticket in that city — except that the Americans like the traveller to have an onward ticket before issuing a

visa) and MCOs (miscellaneous charge orders) are a method

The cheapest one-way ticket offered by Air New Zealand to London is \$800.

Combining the Auckland-Los Angeles fare with a Laker ticket gets one to London for \$671, combining it with a Pan Am budget fare to London costs \$688.

Buying an onward budget fare in Los Angeles most takes the 9 or 10 per cent commission plus charge away from the New Zealand travel industry and gives it to the Americans.

The ministry's letter was sent to the airlines — but not the travel agents.

The ministry asked the airlines to advise their agents of the directive.

The prohibition on combining Pacific budget fares with onward budget fares protects the route for Air New Zealand and British Airways, and means that New Zealanders are barred from the multitude of cheap fares available in the United States to points other than London.

Air New Zealand offers a cheap excursion to London. The traveller wishing to fly to Madrid, for example, would have to fly first to London, then to Madrid rather than take advantage of a cheaper fare from the United States to Madrid.

The ministry recently approved a new advance purchase excursion fare to London selling off season for \$1190 for a round trip. The fare — other cheap fares prohibited — advantage London at the expense of other European destinations.

Air New Zealand flies to further than Los Angeles. London passengers are carried the rest of the way by British Airways.

On the return trip British Airways funnels its passengers on to Air New Zealand.

If New Zealanders were allowed to disperse at Los Angeles and take which ever carrier offered the best deal or the most direct route to their ultimate destination, there would be no guarantee that they would all be funneled back on to Air New Zealand on the return leg from Los Angeles.

Many travel agents are disinclined to co-operate with the ministry.

The Travel Agents Association of New Zealand (TAANZ) initiated a ministry inquiry into club discounting months ago on the suspicion that airlines might be paying backhanders to the clubs to make their below list fares possible.

Many travel agents are concerned about the apparent lack of ministry zeal in investigating these suspicions.

The chief controller of Air Services Policy, J. Kennedy Goode, says the inquiry is still proceeding.

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Greater diesel flow urged by Govt's advisers

THE Government is being asked to sanction higher usage of diesel fuel next year.

The Demand Restraint Advisory Committee is recommending that diesel users be allowed 100 per cent of 1979 usage as their 1980 allocation.

That means up to a 5 per cent increase in the actual allocation over 1979 levels.

It also points to the gaps in the Government's fuel conservation programme.

Most diesel users have been on an allocation of 90 per cent of their 1978 usage this year. The railways and passenger bus operators are on 95 per cent.

But because many users — particularly in the transport sector — have been seeking and getting extra supplies by applying to the Energy Ministry, any decision to allow 100 per cent of 1979 usage as the

1980 base figure in effect increases allowable usage.

The Demand Restraint Advisory Committee is recommending that course as a more accurate assessment of users' actual requirements.

The committee considered several options, ranging from abolition of the allocation system to more stringent controls. It chose a middle course.

The chairman of the DRAC's transport committee, Railways assistant general manager, Ewen McQueen, said last week it was important to retain some control over fuel allocations.

"Our concern about the future is that we don't know enough to say open slaughter," he said.

"However, the last thing that the committee wanted, was to see the system tightened up even further when there was a reasonable expectation

that supplies would be available.

Government acceptance of the committee's recommendation will be tacit acknowledgement that modifications to the allocation system are needed.

Transport operators and service stations have criticised the system because of its distortions, and because of the measures being used by some sections of the community to protect their own interests.

Earlier in the year, service station proprietors condemned farmers and manufacturers for stockpiling reserves against possible shortages.

And carriers complained about delays in getting extra supplies approved by the Energy Ministry and the hassles of buying diesel from service stations when they were being controlled by oil companies supply policies.

Booking battle rages

by Warren Berryman

AIR New Zealand and Broadlands Computer Services Ltd are slugging it out for control of a computerised reservation system for airlines and travel agents.

Both companies are offering multi-access systems that give travel agents information from the airline computers.

The travel agent with a terminal on his desk can obtain information on flights, hotel accommodation, rental cars and so on and make bookings through his terminal just by typing a few keys.

The agent's terminal is connected to the master computer over leased telephone lines.

Both systems are sophisticated and expensive.

But people in the travel industry believe there is room for only one. And they are lining up behind their favoured contender.

Broadlands was first in with the Videocom system.

Videocom, a British company, operates Travicom, a multi-access system used in several countries.

Broadlands got together with Videocom early this year. Pan Am, Continental, UTA, British Airways, and Singapore Airlines expressed interest in joining Broadlands' system.

Air New Zealand and Qantas held back.

While Broadlands was busy promoting Videocom, Air New Zealand was trying to sell the

industry on its Terrier system, a single-access system owned and controlled by Air New Zealand.

The Terrier proposal — which would have given Air New Zealand a huge advantage over its competitors — was given short shift by the travel industry.

Broadlands also met initial resistance when its original asking price for the system was considered a major stumbling block by many travel agents. But it subsequently brought the price down.

Broadlands received the remainder of its computer hardware last week and hope to have the system in operation next month.

But, on the eve of Broadlands' opening, Air New Zealand announced it would offer a local system based on the Australian TIAS multi-access system.

TIAS is owned in Australia by Qantas, TAA, and Ansett. The TIAS system will go into operation in Australia in April.

The TIAS system will be operated here by a new company with a majority shareholding held by Air New Zealand, Broadlands Associated Companies, a wholly-owned subsidiary of Air New Zealand.

Broadlands' system next month with five travel agents hooked in.

Broadlands hopes to access about six additional agencies a

month thereafter and, within six months, to have Wellington and Christchurch linked with the Auckland computer to provide access for 50 to 60 agencies.

Broadlands has the added attraction for some travel agents and airlines of being independent from any airline.

For example, British Airways has shares in Travicom in Britain and favours independent Broadlands running the booking system.

But Broadlands is in danger of losing support.

Two of Broadlands' five original airline supporters, UTA and Singapore Airlines, are studying the Air New Zealand option.

Continental probably will defect from the Broadlands camp to TIAS.

But British Airways is strongly opposed to any system operated by Air New Zealand, and Pan Am will probably give the Broadlands system a go on a trial basis.

Air New Zealand's TIAS system won't be off the ground until the middle of next year. But when it comes to catching up on Broadlands, Air New Zealand has an edge.

The national carrier controls the bulk of travel business. It has more than 30 offices throughout the country.

TRAVEL operators view Air New Zealand efforts with intense suspicion — Page 7.

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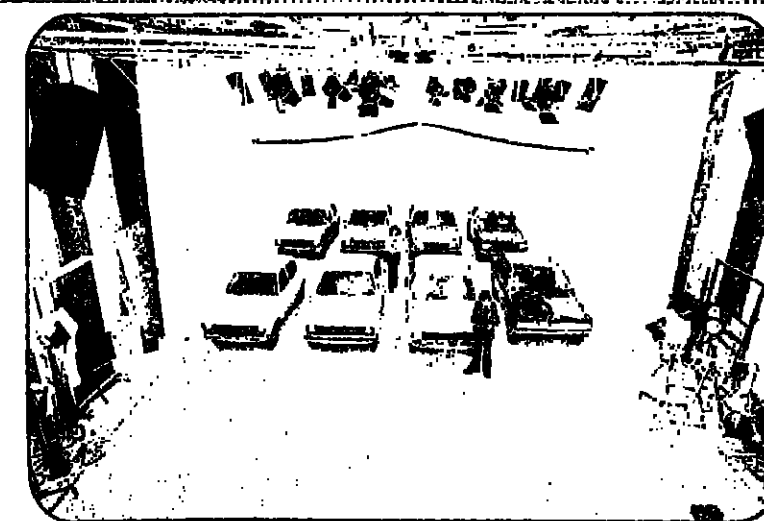
SCHEMES to use surplus hydro power in the South Island are pouring into Government. John Draper surveys the proposals — Page 11.

PETER V O'Brien looks at the recently published Institute of Economic Research paper "The Budget Impact on Aggregate Demand and the Money Supply" — Page 12.

THE OECD's latest survey of the United States economy provides some good and bad news for New Zealanders. Our Economics Correspondent looks at the major factors — Page 17.

NEW Zealand has been a world leader in geothermal technology. But Belinda Gillespie reports there is public concern over previously neglected environmental matters — Page 21.

RUNNING a pub isn't all beer and skittles. Ray Forsley who defies the breweries as he carries on his price-cutting operations — Page 27.



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Is Parliament stagnating under tradition?

by Colin James

"THE need for Parliament remains as great as it ever was - but if it is to be effective it must open up new avenues and place less reliance upon ritual and ineffective forms."

So said Professor Keith Jackson in a paper presented in 1976. He concluded that: "The possibilities for the improvement of the House are vast."

Of course, all institutions are capable of improvement at any time. But there come times of watershed, when the need for improvements becomes pressing if the institution itself is to survive in more than ceremonial form.

An increasing number of observers think such a watershed period is near for several of the parliaments of the Westminster form that Britain bequeathed to the Commonwealth.

That might be expected to give piquancy to the meeting in Wellington this week of



POLITICS

Commonwealth MPs. More likely polite blandness will mark the sessions of the Commonwealth Parliamentary Association.

If any of the countries of the old (white) Commonwealth should recognise that what went before cannot go on much longer, it should be New Zealand, now learning new economic, geographical and social truths.

So, one might expect Parliament to be looking seriously

at its own reform, to better meet the needs of the new order in the making. If it needed a symbolic goal to do so, it need look no further than the gangway seat at the rear of the Chamber occupied by the member for Rangitikei.

The report by the select committee on standing orders, delivered a couple of weeks ago, might therefore have been an important document.

It is not. It is written like the report of rules review committee of a gentlemen's club. Tradition and the past weigh heavily on every page.

Nowhere is there evidence of concern at growing public disaffection. Nowhere is there indication of a desire to make it the sort of representative, inquisitorial, review body the country needs as a brake on executive omnipotence.

It tinkers with sitting times; slightly changes the rules on the now absurd private members notice of motion procedure; fractionally im-

proves access to Government Bills and reduces speaking times in introduction debates; to be introduced; removes by limiting debating time the temptations to Oppositions to prove their machismo on Imprest Supply Bills; and slightly improves the privilege complaint procedure (though does not tackle the excessive scope of privilege).

There is one important improvement - the automatic referral of all except money and urgent Bills to select committees. If nothing else, this should slow down the legislative process and give the public more opportunity to contribute at parliamentary level - as distinct from Cabinet or Government caucus (that is, all Government MPs) level.

Slight improvement has also been recommended in the statutes revision committee's powers of review of regulations, making it easier to initiate such reviews.

But where are the broad powers of committees to investigate Government administration, or policy for that matter, in public? The committee shied away from that. And what about giving some chairmanships to Opposition MPs?

Where are the restrictions on daily sitting hours and the spreading of the sittings over more of the year?

And, not least, why did the committee not overhaul the grotesquely repetitive Bill-passing procedure - and make available thereby more time for debates on important issues of the day?

Over the past 30 years the public has been sending out signals of discontent with Parliament as it stands. In 1949 the two major parties netted 99 per cent of the votes; in 1978 they got only 80 per cent.

The rules were a matter for the standing orders committee, the composition a matter for the Electoral Act committee that has still to report, but

which, by its very nature, unlikely to be significant more adventurous.

There is a message in this Parliament whose rules as compositions are arranged for the convenience of two parties is no longer relevant.

Yet perhaps, if they were more concerned with Parliament's long-term needs, they might reflect on these wistful words by a would-be reformer of the British Parliament:

"American government is carried on by a constant self-renewing and self-adjusting set of majority coalitions across a wide spectrum of political agencies, resulting in a government much more sensitive to representative tuning than the British (read New Zealand) system and marked by a capacity to produce constructive unity rather than the division in the government process."

Wine inquiry evidence favours competition

by Rae Mazengarb

THE Industries Development Commission will put final questions to the Wine Institute in Auckland today, completing the public inquiry into the state of the wine industry.

The weight of published evidence so far points strongly to a need for more competition to improve wine quality and efficiency in the industry. But an unknown factor is the advice given by government departments which have provided information to the commission in secret.

The commission is already collating the evidence. It expects to report its recommendations to Trade and Industry Minister Lance Adams-Schneider just before Christmas - six months earlier than planned.

The commission's task is to appraise the Industry Study and Development Plan 1978, which was prepared by the Wine Institute and published

earlier this year (NBR, May 16).

The study called for greater protection against imported wines and numerous fiscal measures, tax advantages and incentives to subsidise the industry's development.

Protectionist measures were called for primarily to combat Australian wine producers.

The institute presented some 65 pages of submissions in support of its study at the commission hearing in Wellington on November 13.

Commission chairman Ted Tarrant emphasised that today's questioning of the institute would not be an in-camera exercise. Rather, the commission would be completing its cross-examination of the institute.

Subsequently, it would talk to other parties if necessary. Tarrant said the commission had had "inputs" from several Government departments, including DSIR, Justice, Health, Trade and In-



SUBMISSIONS... opposition to "belts and braces" approach

dustry, Agriculture and Fisheries, Customs and Foreign Affairs.

This information could not be tendered satisfactorily in an open forum, he said.

The public hearing attracted submissions from the Australian Wine Board, the New Zealand Wholesale Wine and Spirit Merchants, the Wine Resellers Association, the Retailers' Federation, the Grape Growers' Council, the Brewers' Association, Barker Wines, Big Apple Products Limited, representatives of two licensing trusts and several wine buffs.

The "industry" pressed for greater protection against imported wines through a threshold price. This would re-establish past price differentials by inflating imported wine prices with increased tariff protection.

Most other submissions indicated wine producers deserved sympathetic consideration, but argued that it was time the industry stood on its own feet, without the extra protection demanded in the study.

Some submissions pointed out the study had not specified how New Zealand wine could compete on the international market when it was finding it difficult to compete domestically in spite of high duties and import licensing.

The question of how increased protection would be received by "our EEC friends and Australia was also raised. As expected, the Australian producers were concerned about retaining continued access to the market.

"New Zealand's import licensing system is a major obstacle to overcome and in this regard Australia receives no favoured treatment", the Australian Wine Board submitted.

"The import licensing system, unless licences are maintained in real terms, encourages wine importers to maintain volume by importing low cost wines from Europe which in turn increases the competitive pressures on both the New Zealand wine industry and Australian wine exporters."

The board requested the commission to consider "that much of Australia's apparent natural geographical advantage is eroded by the extremely high trans-Tasman shipping costs as compared with costs incurred by European wine exporters."

These high shipping costs already afford a high level of natural protection to the New Zealand industry.

Grape growers - "somewhat weary of being singled out and blamed time and time again for cost increases of wine because of alleged high grape prices" - queried the findings of the institute.

They argued that the institute appeared to cater solely for wine-makers. This approach "effectively excludes a large body of possible

members vitally interested and dependent upon the efficient running of the industry."

The Wholesale Wine and Spirit Merchants, while supporting the distribution system which had come under flak from both retailers and wine resellers, opposed the "belts and braces" approach of the industry's protective structure.

The merchants claimed the industry was "out of its infancy" and it was desirable that the industry face further competition from overseas wines.

Wine resellers criticised the institute's sole involvement in compiling the study, pointing out that the wine "industry" included grape growers and members of the distribution and retail sectors as well as wine makers.

"Today we find ourselves in a situation that can only, if it is allowed to continue, lead to the majority of wine resellers being forced out of business," their submission said.

The resellers argued that control of all sectors of the liquor industry was concentrated in the hands of a few large and powerful companies, and said the wine reselling sector was the only one not dominated by these large organisations.

Because of its independence it was "detrimentally affected by the distribution system presently operating."

The resellers claimed the system which allowed the 170 wholesalers to sell directly to the public meant that distribution margins were being used purely to undercut competition "who, because of the control structure of the industry, cannot avail themselves of the same buying channels". (It is the policy of wine makers to sell direct only to wholesale wine and spirit merchants.)

The arguments have been laid before the commission and parties have been questioned on their submissions.

The commission's report will ultimately go to the Cabinet Economic Committee.

PM lashes out in a discourse on dignity

by Colin James

THE Prime Minister recently talked about the press to the press at the annual awarding of prizes to journalists better at their craft than I am.

He gave a thoughtful and balanced address worth serious study (though he appeared to assume, mistakenly that anti-Government editorials were necessarily anti-National).

In the course of it he lamented that "at times dignity does go by the board" - dignity being one of the qualities journalists are enjoined by their union rules to uphold.

He specifically referred to press conferences where "hunting as a pack" caused tension, "with unhappy results."

It is therefore interesting to read his treatment in November 13 Truth column of Auckland Star columnist Noel Holmes, who had written a piece on the Prime Minister's comments on editorials.

Reaching back through the files of his memory, the Prime Minister recalled sharing a platform with Holmes when the journalist stood as a candidate for National in 1969.

Extracts: "... he was an abysmally poor platform speaker who was hopelessly nervous in front of an audience."

"... it was one of the rare occasions when I have been thoroughly embarrassed to share a platform with another National candidate ..."

"Maybe the Star occasionally lets him write editorials. It can hardly pay him a full salary for the material he presents each Saturday night."

"He that as it may, his nasty, petty article reminded me of the yapping and snarling of a half-grown fox terrier."

Two days later the Prime

Minister delivered a speech to the party members in the Papanui electorate. Extracts:

"I have got to say that his replacement, Moore, will never equal the record and reputation of Bert Walker ..." (The "Moore" referred to is Mike Moore, Papanui Labour MP).

"He lacked the courage to tackle Aussie Malcolm in Eden in 1978 ..."

"... He is just as arrogant and overbearing as he was when he was the member for Eden."

"He seems to think that political representation lies in creating little sensations, regardless of whether or not they are based on facts, and in playing smart aleck tricks in the chamber of the House."

And: "The Leader of the Opposition in the last two weeks has looked like a beaten and bewildered man ..."

"Rowling has never been a man of tenacity or strength of purpose ..."

"The sight of Lange and Rowling sharing a bench in the last week has been quite ludicrous ..."

"Lange, cheerful, ebullient, and huge, albeit just slightly overawed by his rapid promotion."

"Rowling, morose, bewildered and tiny, appearing to be totally overwhelmed by his double disaster" (the defeat of Bob Tizard and the defection of Mat Rata).

Dignity, one may presume, is in the eye of the beholder. As the Prime Minister said:

"Rowling ... has not changed, I assure you, in four years; nor indeed, I may add, have I."

LAST week, through a slip of the typewriter, I referred to the 1967 Maori Land Amendment Act. It was, of course, the Maori Affairs Amendment Act.

"It's more impressive to fail on a difficult



objective than succeed on a modest one"

American Express, in conversation with Cardmember Sir Edmund Hillary.



Sir Edmund ("call me Ed") Hillary: Mountaineer, Adventurer, Explorer, Author, Businessman, Nepalese Bridge Builder, Chairman of the Himalayan Trust. Attended Auckland Grammar where, despite the motto (Per Angusta ad Augusta - Through Narrow Paths to the Heights) he remained uninspired. Eventually discovered mountains, conquering the biggest of them all in '53, becoming the youngest Knight of the century. Other remarkable achievements include driving a convoy of farm tractors to the South Pole.

A.E: I read the other day where someone said that if you are going to dream of impossible things you might just as well dream of big impossible things.

E.H: I agree actually. A challenge is hardly worth starting. Why bother if you are quite confident that you are going to overcome it? The real challenges are ones that extend you to the utmost. Where there is always doubt as to whether or not you are going to be successful. Then, when you succeed, if you do succeed, you have a great sense of achievement. It's more impressive to fail on a difficult objective than to succeed on a modest one.

A.E: Have you always had a clear picture of your goals?

E.H: No, I don't think I did. People said "When did you first really get your great ambition to climb Mt. Everest?" Well, I didn't get my great ambition to climb Mt. Everest until a year or two beforehand. I'd been climbing for many years before I even thought of the prospect of going to Mt. Everest.

A.E: You didn't tell your mother in 1939 that you were going to climb Mt. Everest?

E.H: No, no. You know, there was old Frank Smyth who was one of the great mountaineers and wrote lots of books. He wrote in one of his books that when

he was a young child his parents took him across France. His mother was holding him in her arms, suddenly on the horizon, he saw a great white mass of mountain peaks whereupon he duly rose up and pointed in the direction of these peaks said "go gaga goo goo". Which meant (supposedly), "I'm going to become a famous mountaineer". Well, that's really a lot of rubbish. People tend to try to give you ideas and a future far before you ever had these firm convictions.

A.E: At what age did you realise you were going to become famous?

E.H: It wasn't until I actually climbed Everest that it suddenly dawned on me that I was going to be in the uncomfortable position of being famous. Before Everest, even on the mountain, I had never really even thought about it. We were much more innocent in those days. Nowadays, the modern athlete is aware that if he is very successful there can be economic, substantial economic benefits, from what he does.

A.E: If Ed Hillary had climbed Everest in the '70's, the 33-year-old Sir Edmund Hillary would have been a very marketable item indeed. Are you glad or sad that you escaped that kind of marketeering?

E.H: Very glad. I have a little bit to do with it anyway, but I have been able to keep it to what I regard as a reasonable minimum. There are advantages of course, as far as the fame business is concerned in raising funds for projects. In things of this nature, it certainly has been very beneficial. But I don't envy the great athlete of today who gets involved in the tremendous commercial rat race.

A.E: Did Neil Armstrong's giant step, I wonder, create as much excitement for people as Ed Hillary's? I remember looking at the moon and thinking "Hey, there's somebody up there", and the people around me were walking along looking down at the pavement.

E.H: There's a tremendous difference in the challenges and adventure of today. It's not only the achievement of the individual but the thrill of those back in Houston pushing all the buttons. I think it was probably more fun in our day that you were the one who had to make the decisions - you weren't just a part of a very highly qualified technology, which was thrusting you almost into position.

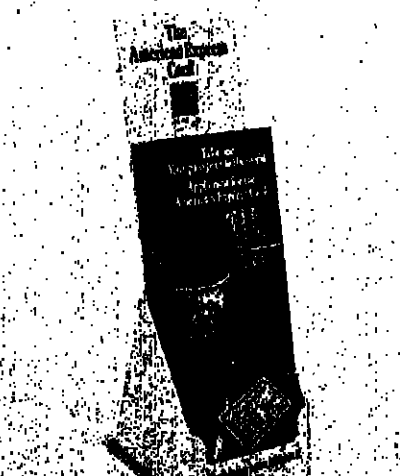
A.E: Decision-making is obviously a characteristic of a mountaineer ...

E.H: I think that most people can learn to become decision-makers. I certainly was never anything like a born leader but I found that over the years there were certain techniques that one could follow which enabled one to handle groups of people who could easily be far more efficient and far more intelligent perhaps than oneself. The thing I always found was doing your homework. Before you went to bed each night, you just went through in your mind what was going to happen next day and briefly thought out what problems you might meet and what you would do if those problems did occur. Now, that meant that if something did happen you had thought the matter over and you were in a position to give a competent decision immediately.

A.E: How long have you had the Card?

E.H: For five or six years, and find it most useful for identification. For example, in American hotels where they often ask you for identification before you even check in, I've found the American Express Card is particularly valuable. It really does give you formal identification. It does have a definite status; there's no question of that.

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Sharlene Carleton
SHARLENE CARLETON

Air NZ arouses travel industry suspicion

by Warren Berryman

Air New Zealand attempts to introduce a computerised reservation system being viewed with intense suspicion by many travel agents and airline competitors.

The national carrier is trying to win converts in the travel industry for its TIAS operation, but there is widespread fear in the travel industry that the Air New Zealand system could lead to a gain in an even stronger market.

Air New Zealand has already aroused industry suspicion through its moves to enter the tourist market. Air New Zealand receives a huge volume of traffic from the Link Association.

Link's fare discounting is under investigation by the Transport Ministry whose brief is to discover if Link is getting kickbacks from Air New Zealand or Sabena.

Air New Zealand is also involved in Gitaaway, an organisation that pays travel agents "overrides" if they get Air New Zealand preference in ticket sales.

These activities have led many in the travel industry to distrust Air New Zealand. And this distrust appears to extend to any Air New Zealand-controlled reservation system.

Travel Agents Association of New Zealand (TAANZ) director Peter Lowry said any system must be multi-access, with all the airlines involved and be available to all travel agents.

Lowry said TAANZ would like to see the system con-



PETER LOWRY... must be multi-access.



NORM SEALE... status quo remains.

trolled by the travel industry with involvement in its operation.

Whatever system was adopted, total confidentiality must be maintained, he said.

To get the travel agents and tour operators aboard, Air New Zealand must convince them that absolute confidentiality will be maintained.

Otherwise, as one agent put it, "it will be like sending a wolf to guard the sheep".

Another nagging fear in the industry is that Air New Zealand might use the system

to have its own nameplate used on a greater number of tickets.

When an international ticket is bought and the ticket is for flights on several carriers, the agent may utilise the nameplate of the first carrier used on the journey or the carrier through whom the booking was made.

The ticket money goes to the carrier whose nameplate appears on the ticket. As the various portions of the ticket are used the other carriers are paid out through IATA's bank settlement plan.

In effect the carrier with its nameplate on the ticket gets its money within 30 days. Other carriers have to wait six months or longer to collect their portion - which has cash flow problem implications.

Air New Zealand marketing director Norm Seale said the TIAS system would not alter the status quo so far as the use of nameplates was concerned.

Seale said the TIAS system would be cheaper than the competing Broadlands Videcom system, because Air New Zealand already had established communication links.

But Seale was not ready to talk about costs to airlines or travel agents.

Information given to the industry in an Air New Zealand release gave no details. It didn't even mention which local company would control TIAS.

Travel industry sources complain the Air New Zealand's lack of information heightened suspicions of the national carrier's "real motives".

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Watersiders break the camel's back

by Belinda Gillespie

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The Secretary of the Wellington Watersiders Union was reticent about his union's snap decision, which is to be discussed at the next meeting of the national executive.

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The Shop Employees' Association wants a full inquiry by the commission on what it calls "this important facet of commercial policy".

Industrial officer Rob Campbell told the commission it "ought to determine some guidelines on the matter".

The Commerce Commission has already held an inquiry on procedures to be used for the notification of takeovers and mergers — the so called Part Three enquiry — earlier this year.

Campbell, however, claims the Act itself is defective in respects which create confusion for all parties.

"At present we don't know on what basis we're limited to him under the Act."

"Only if he rejects the proposal and refers it to the public."

He has to make his reasons known. Even parties are working in the dark, because of the information and getting to the hearing by the way.

"It's all a bit of a lottery," he said.

Campbell said the union would be hard pressed to determine the basis on which the takeover was any worse than the Nathans/McKenzies merger was any worse than the previous one.

He argued that the public should be entitled to know the basis the Examiner is working. Laying down of

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The Examiner is relying on two clauses in Section 21 of the Commerce Act for his stand against the merger.

Section 21 lists the effects which if they occur or are likely to occur (in the opinion of the commission) are deemed to be contrary to the public interest.

The Examiner claimed the merger would "reduce or limit competition in the production, manufacture and sale of goods; and that it would 'reduce or limit the variety of goods available to the public'."

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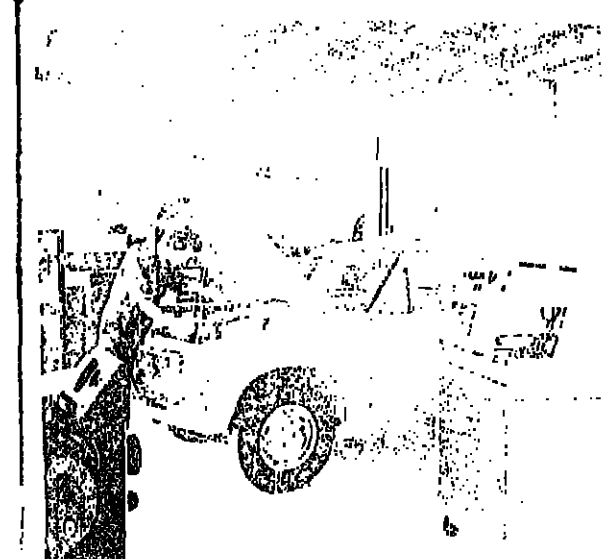
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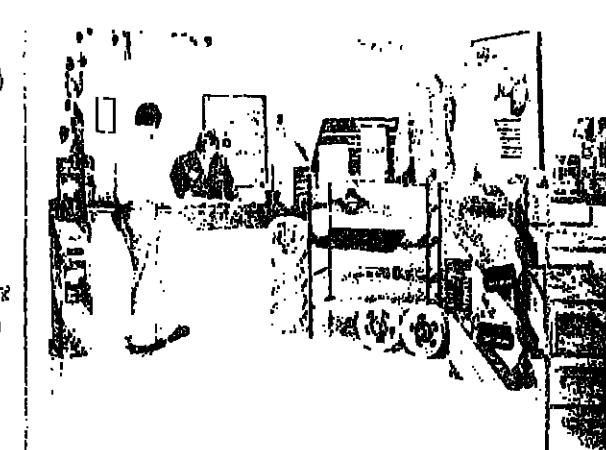
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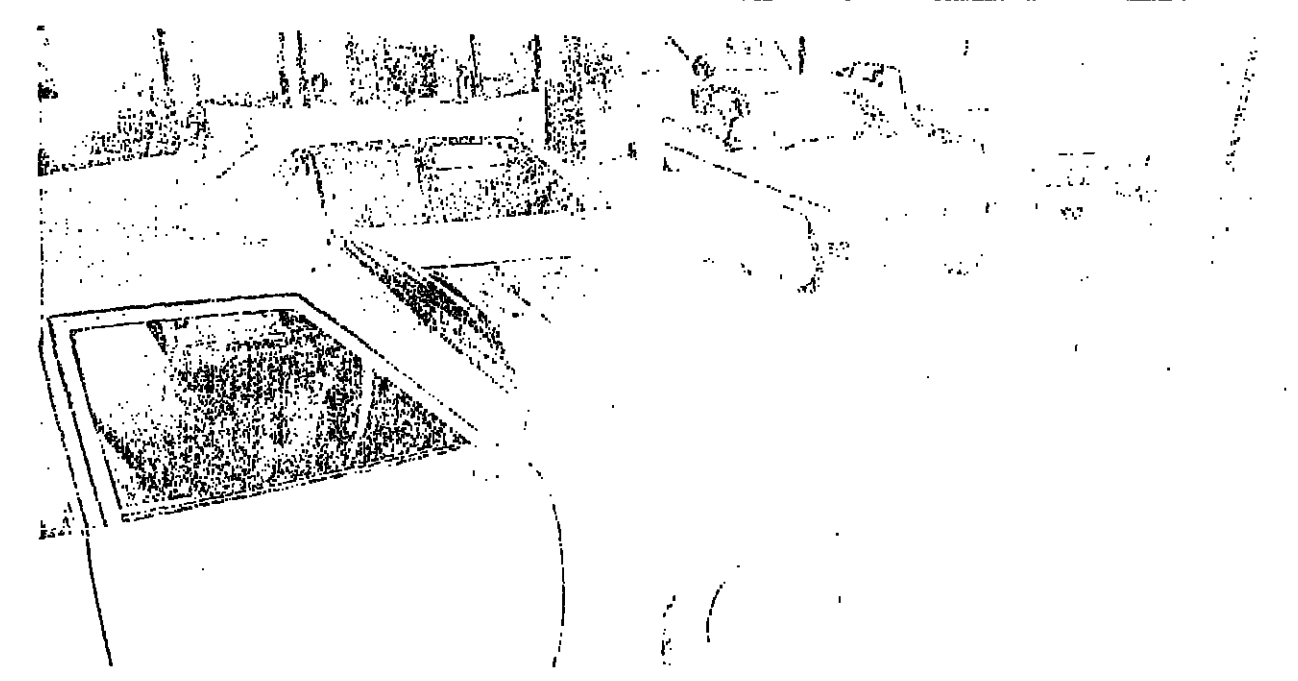


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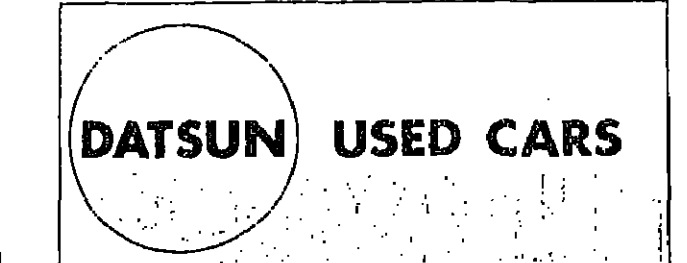
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Datsun 200B Sedan, Wagon, Van
Datsun 160B Sedan
Datsun Sunny 140Y Coupe
Datsun Sunny 120Y Sedan, Wagon, Van
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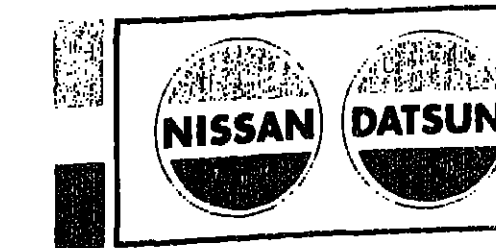
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COMMUNITY DEALERS L.M.V.D.

Air NZ arouses travel industry suspicion

by Warren Berryman

Air New Zealand attempts to introduce a computerised reservation system being viewed with intense suspicion by many travel agents and airline competitors.

The national carrier is trying to win converts in the travel industry for its TIAS operation, but there is widespread fear in the travel industry that the Air New Zealand system could lead to its gaining an even stronger market.

Air New Zealand has already aroused industry suspicion through its moves to enter the tourist market. Air New Zealand receives a huge volume of traffic from the Link Association.

Link's fare discounting is under investigation by the Transport Ministry whose task is to discover if Link is getting kickbacks from Air New Zealand or Sabena.

Air New Zealand is also involved in GitaWay, an organisation that pays travel agents "overriders" if they give Air New Zealand preference in ticket sales.

These activities have led many in the travel industry to distrust Air New Zealand. And this distrust appears to extend to any Air New Zealand-controlled reservation system.

Travel Agents Association of New Zealand (TAANZ) director Peter Lowry said any system must be multi-access with all the airlines involved and be available to all travel agents.

Lowry said TAANZ would like to see the system con-



PETER LOWRY... must be multi-access.



NORM SEARLE... status quo remains.

trolled by the travel industry with involvement in its operation. Whatever system was adopted, total confidentiality must be maintained, he said.

To get the travel agents and tour operators aboard, Air New Zealand must convince them that absolute confidentiality will be maintained.

Otherwise, as one agent put it, "it will be like sending a wolf to guard the sheep".

Another nagging fear in the industry is that Air New Zealand might use the system

to have its own nameplate used on a greater number of tickets.

When an international ticket is bought and the ticket is for flights on several carriers, the agent may utilise the nameplate of the first carrier used on the journey or the carrier through whom the booking was made.

The ticket money goes to the carrier whose nameplate appears on the ticket. As the various portions of the ticket are used the other carriers are paid out through IATA's bank settlement plan.

In effect the carrier with its nameplate on the ticket gets its money within 30 days. Other carriers have to wait six months or longer to collect their portion - which has cash flow problem implications.

Air New Zealand marketing director Norm Searle, said the TIAS system would not alter the status quo so far as the use of nameplates was concerned.

Searle said the TIAS system would be cheaper than the competing Broadlands Videcom system, because Air New Zealand already had established communication links.

But Searle was not ready to talk about costs to airlines or travel agents.

Information given to the industry in an Air New Zealand release gave no details. It didn't even mention which local company would control TIAS.

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Yours sincerely

Shirley Carleton

SHIRLEY CARLETON



Watersiders break the camel's back

by Bellinda Gillespie

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The response had been to bill clients proportionally for the watersiders' costs. But in many cases clients had refused to pay, he said.

And removals, who had had to pay the bill before they could uplift the goods unpacked at the wharf, saw little chance of recouping their losses.

Other problems were a loss of control over clients' goods. Previously a whole container was unpacked in the warehouse and checked off by the inventory. Now the watersiders unpack them on to pallets.

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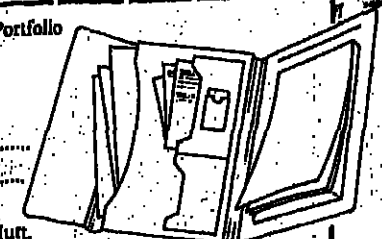
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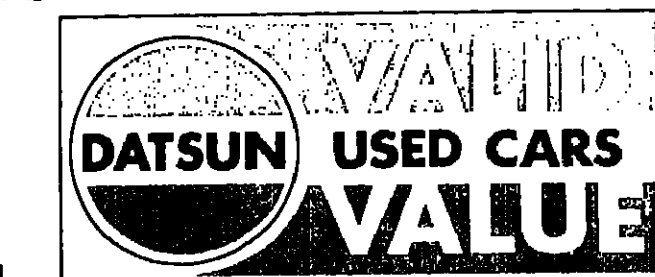
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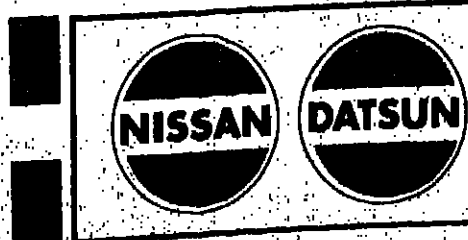
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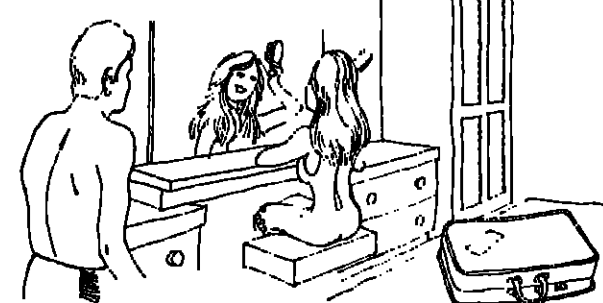
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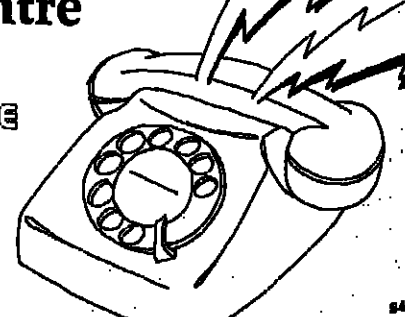
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Air New Zealand route map begins to swell

TOKYO is now firmly on Air New Zealand's route map and Bangkok along with Manila are clamouring to join.

Thai International wants to fly to Auckland twice weekly through Manila and Suva. It will begin discussing the proposition with the New Zealand next month.

Thai area manager Ken McIlroy says the service will be essentially to promote New Zealand and the South Pacific.

"We do not want to compete directly with Air New Zealand. We are not looking at the long haul European route," he said.

The route will be an extension of Thai's existing Pacific rights into Manila, which already contain provision for serving onward destinations.

But an international agreement would be needed with the Philippines Government for Air New Zealand to be able to add both points to its own network.

That is also willing to grant Air New Zealand rights to any destination beyond Bangkok, opening other possible routes to London when the airline is ready.

The concept of a South-East Asian market, the five main nations - Singapore, Thailand, Indonesia, the Philippines and Malaysia -

which are growing in significance to New Zealand, is being pushed by Thai.

McIlroy concedes that there are unlikely to be great volumes of passengers or freight leaving on Bangkok bound flights, but points out that the sector traffic, specially if the routing was stretched to operate Auckland-Bangkok-Manila-Bangkok - Singapore-Auckland, might make the route pay.

The service will fit well into Thai's fast expanding Pacific network. The airline will join the rush across the Pacific next April launching services to Los Angeles and Dallas via Tokyo and Seattle.

Auckland will complete the south eastern sweep of the crescent.

Air New Zealand is not enthusiastic. Talks there will certainly be, but Thai will be stalled.

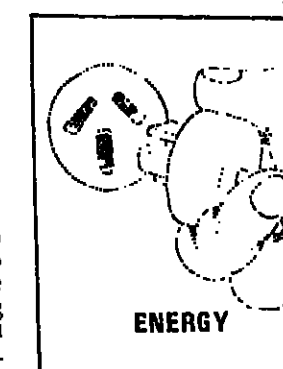
Of more immediate concern is the final routing for Air New Zealand's flights to Tokyo.

The British have already formally given Air New Zealand the right to extend its Hong Kong service to the Japan's new airport at Narita.

But there is the Cathay Pacific factor to be considered. The British have been urging New Zealand to allow the aggressive Hong Kong-based carrier into Auckland.

Surplus power attracts industry

by John Draper



SCHEMES to use surplus hydro power in the South Island are pouring into Government from a wide range of sources.

From the early 1980s there will be 2000 giga watt hours to spare every year - enough to supply another Comalco-type operation at Bluff - growing to more than 4000 giga watt hours by the end of the decade.

Comalco is among the future likely users.

The consortium operating the Tiwai Point smelter is now reconsidering its decision not to expand in the wake of the Government-enforced increase in its contract power price in 1977.

If production was boosted by 50 per cent to 25,000 tonnes a year, the smelter would absorb a substantial block of the surplus power, 1300 giga watt hours.

But the unused balance could support several other proposals now being considered.

Another Comalco-styled tolling operation has already been ruled out. Only projects with a high net value to the economy while offering substantial employment are eligible.

Comalco's operation, though it has fostered an extruding and domestic-based aluminium fabricating industry, is primarily using cheap power to process an

imported materials for re-export.

In economic terms, the value added is low.

Aluminium processing has grown five-fold in a decade, from 5000 tonnes in 1970 to 25,000 tonnes now. But the amount is only one-tenth of the smelter's output.

Half, 75,000 tonnes, is exported directly to Japan in the form of aluminium ingots.

Nor is there much scope for rapid growth for more processing in New Zealand.

The depressed state of the building industry, one of the main users of aluminium, has already dampened home demand, encouraging Alex Harvey Industries to boost exports.

And Comalco's New Zealand representative, Mervyn Bennett, says he doubts that there is much scope for rapid development of the extrusion industries.

New Zealand Steel's \$100 million proposal to mine and refine ferro silicon in Southland is closest to attaining Government approval.

The Cabinet Economic Committee is expected to determine the power price shortly, making or breaking the project.

The company wants to operate two 35 mega watt furnaces consuming approximately 600 giga watt hours of power, producing 50,000 tonnes of ferro silicon a year. Most would be for export to the world's steelmakers, who use three kilograms of the product in every tonne of mild steel.

Prospecting licences have been applied for an area of Southland gravel, a few thousand tonnes of which will have to be shipped overseas for suitability testing before furnace construction begins.

Ferro silicon is a widely traded commodity, fetching US\$500-\$600 a tonne.

New Zealand Steel is prepared to finance the project from its own resources, though it may take in an overseas partner to gain long-term markets.

The plant, which is unlikely to be in operation before late 1983, will employ 150 staff directly and as many again in transport and other service industries.

Carborundum (NZ) Ltd is also interested in the Southland silicon deposits and the cheap power surplus.

The company wants to develop a silicon carbide plant from the same deposits.

The hunt for cheap power is stretching world-wide. West German and Swiss firms are among those considering applying for South Island hydro power.

Applications fall in three classes:
• Foreign investors seeking a cheap energy supply.
• Local industry, perhaps in

a joint venture with foreign investment seeking to develop indigenous resources.

• The small entrepreneur who can see an investment opportunity.

Crown Crystal Glass, of Christchurch, falls into the middle category.

The company - a division of Alex Harvey Industries - is negotiating with the Canterbury Power Board for a suitable tariff to induce it to convert its oil-fired furnaces to electricity.

Power consumption, compared with the Bluff smelter would be small, up to 50 giga watt hours a year, but 600 new jobs could be created at the Hornby works.

A nickel smelter is among the other projects mooted, though that may fail to win Government approval by

falling into the undesired category of a tolling operation.

Much of the excess energy is already available for use.

Consumption this year is expected to fall by up to 5 per cent on last year's 21,690 giga watt hours, releasing a surplus of 1090 giga watt hours.

The Planning Committee on Electric Power Development's forecast for the next 15 years expects generating capacity to grow between 29 per cent and 57 per cent, a difference of up to 6000 giga watt hours.

The Government is still working out details for its proposed 25 per cent tariff for South Island industrial power users.

But big users, such as New Zealand Steel and Carborundum (NZ) Ltd will negotiate their own rates.



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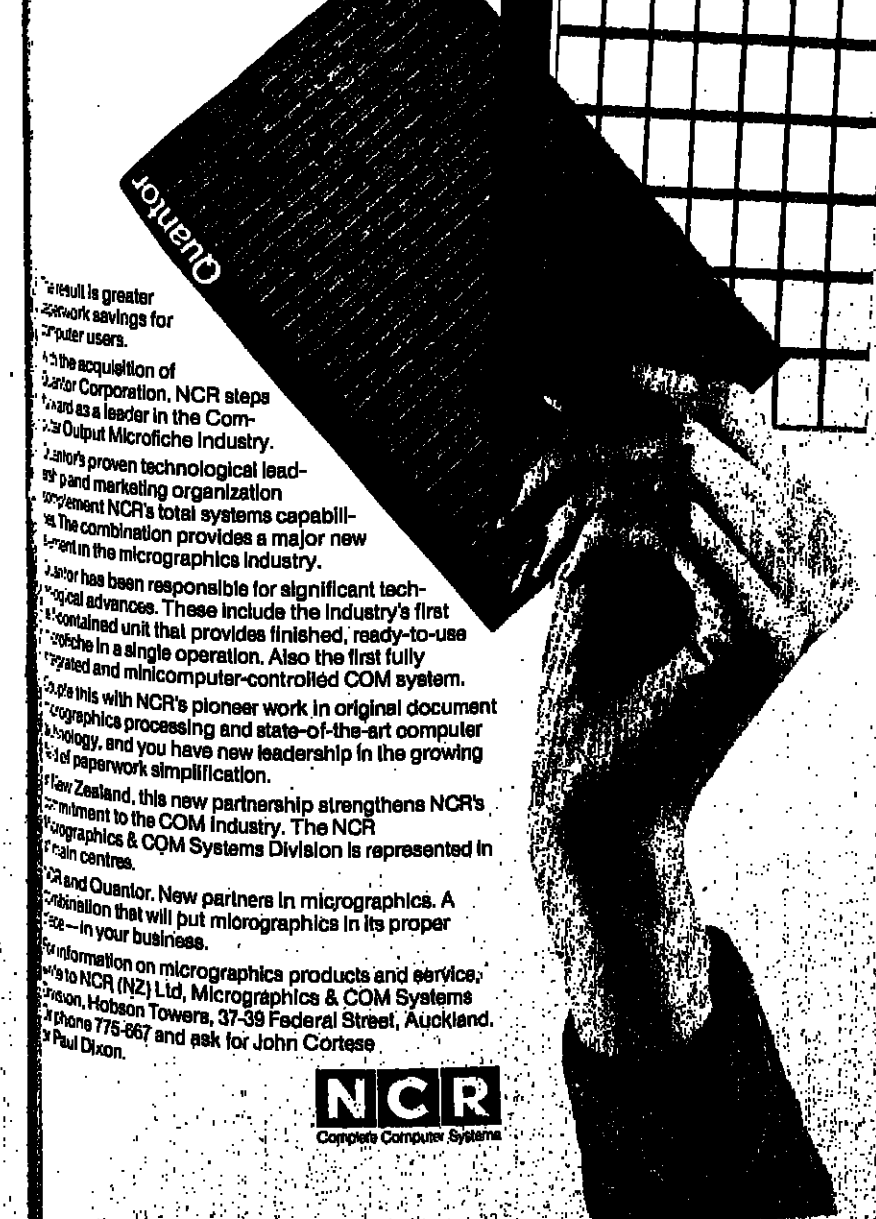
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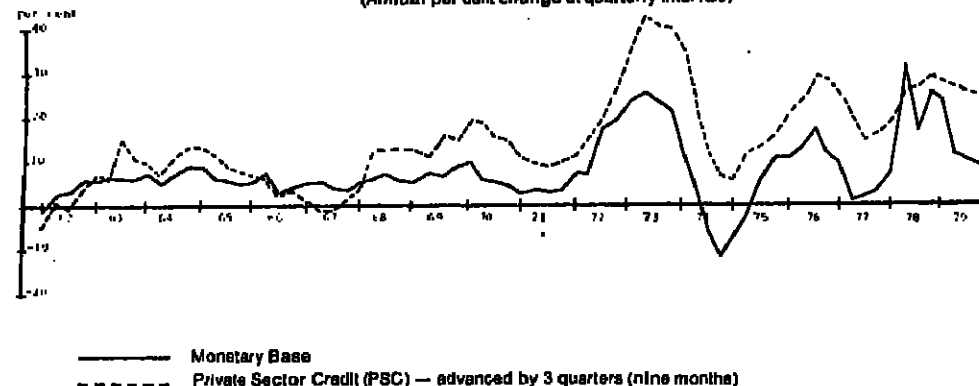
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NBR BUSINESS WEEK

Monetary base: valuable future indicator

CHANGES IN THE MONETARY BASE AND PRIVATE SECTOR CREDIT
(Annual per cent change at quarterly intervals)



by Peter V O'Brien

THERE IS a close statistical relationship between changes in the monetary base and other monetary aggregates such as M3 and private sector credit, suggesting that the monetary base serves as a valuable indicator of future monetary conditions.

The Institute of Economic Research's Bob Buckle and Suzanne Snively, say this is an important result of their paper *The Budget Impact on Aggregate Demand and the Money Supply* published last week.

The authors say their document must be treated cautiously when considering relationships between the budget deficit, the monetary base, growth of monetary aggregates and private sector credit expansion.

They admit the research data has several weaknesses, and that alternative indicators are needed to adjust them. "We must be cautious in using information of the budget contribution to the monetary base as an indicator of its monetary impact."

"Furthermore, as is the case with the raw 'fiscal deficit' the raw 'monetary deficit', the budget deficit after borrowing from the non-financial private sector, is an *ex post* measure."

"Nevertheless, the effect of budget transactions on the monetary base as defined in this paper is considered to be a conceptually suitable basis for assessing the monetary impact of a budget."

Buckle and Snively refined the definition of the "monetary base" from that used by the now defunct Monetary and Economic Council. It comprises five items: Bankers' cash; trading bank holdings of government stock and Treasury bills; trading bank time deposits at the Reserve Bank (inapplicable except between the September quarter of 1973 and the June quarter of 1975); non-bank private sector cash holdings; and other M3 institutions' holdings of Government stock and Treasury bills.

The first three items give the total trading bank reserve assets. The addition of the other two produces the monetary base.

At September 1979, total trading bank reserve assets were \$1,181.7 million, non-bank private sector cash holdings totalled \$457.5 million, and other M3 institutions' holdings of Government stock and Treasury bills were \$4,735 million. The total monetary base was therefore \$4,374 million, compared with

\$4,113 million at the end of June.

The growth rate was 9.9 per cent between September 1978 and 1979, as against 8.6 per cent in the June years.

The relationship between growth in the monetary base and private sector credit expansion can be seen by comparing the movement in the former over calendar 1978. The monetary base increased 23.4 per cent in that period.

Buckle and Snively's paper shows there is approximately a 9 months time lag between a change in the monetary base and the flow through to private sector credit expansion.

The table graphs the comparative movements between the two. The monetary base alteration of 23.4 per cent calendar 1978 can be compared with a 24.7 per cent growth in private sector credit in the year to September 1979.

The decline in monetary base increase in the late-1970s will move through credit expansion in the next nine months, suggesting by the economy will have liquidity until at least 1980, subject to any changes in Government policy.

The authors again qualify the various factors affecting the monetary base.

"We have shown those adjustments necessary to measure the effect on the monetary base of financial flows involving the budget, the balance of payments and the Reserve Bank. Although the money stock may be related by a simple identity to changes in the monetary base, the actual linkage may well be the result of a complex set of inter-related transactions rather than the operation of a simple multiplier process. Nevertheless, the evidence presented here shows a clear correlation, after allowing for time lags, between changes in the monetary base and the money stock and private sector credit."

Analysing annual accounts

by Peter V O'Brien

STRICT control of working capital will be a major function of management in 1980, according to Printing and Packaging Corporation chairman, W B Barnes, in the company's annual report.

That may be the case for the current year, but the chairman could have told shareholders why there were some changes in working capital items in the year under review.

The best report can give is that there is no doubt that inflation creates very serious problems for companies by requiring an ever increasing amount to maintain the same level of business activity."

The report has no explanation of substantial changes in liabilities and current as-

sets. An overdraft went from \$10,000 in 1978 to \$100,000, while sundry



creditors were \$2.5 million higher at \$7.8 million. The total change in current liabilities was \$5.13 million, or 6.2 per cent. They finished the year at \$13.4 million.

Current liabilities were 27.5 per cent of the balance sheet gross total last year, compared with 19.9 per cent in 1978.

The bulk of the extra money required to finance the busi-

ness was invested in stock. (Sundry debtors were \$1.8 million above the previous year, and stood at just under \$10 million at balance date).

The stock position calls out for comment, since the book value went from \$13,338,658 to \$17,535,450.

The increase of 31.4 per cent may have something to do with an "ever increasing investment in working capital merely to maintain the same real level of business activity", but the directors should detail all reasons for the substantial change.

Stock was 36 per cent of total assets on June 30, as against 32 per cent in 1978. A note to the accounts gives the breakdown of the constituent items in the total figure, (see Table A).

So what is happening? Are prices rising so fast that Printpac has to account for a massive dollar rise in stock investment on similar volumes? Is the company unable to sell goods? Is it stockpiling for future expected sales?

Any of those possibilities might be correct, or there could be other reasons. Shareholders, and other report readers, obtain no answers from the text.

The lack of information on working capital movements is strange, because Printpac discloses other useful information.

The group breaks down the taxation concessions which resulted in a tax liability of \$7.1 per cent of pre-tax profit. The percentage was 23.5 in 1978, but removal of the trading stock concession affected the proportionate liability.

Export sales incentives produced \$194,029 (1978 - \$127,355), investment allowances \$36,722 (\$9,693), dividends on specified convertible cumulative preference shares \$218,500 (\$164,335), and trading stock adjustment nil (\$654,193).

Information on tax changes is conspicuously absent from the accounts of many large companies. Printpac is in the front of disclosure in that area.

The company also tells shareholders that exports increased 85 per cent to \$885,000. The amount is small in relation to total sales of \$68,155,000, but at least the reader has the exact figure, and can see that local turnover provides 98.7 per cent of gross company revenue, before the cost of sales.

Although expenses are not given in the profit and loss account, a pie chart of "how each dollar of sales was spent", allows a calculation of how much was spent on materials and interest, wages and salaries, and the other expenditure items.

The company could consider a breakdown of financial

Item	1979	1978	Percent change
Raw materials	5,981,901	4,357,338	37.3
Work in progress	3,465,068	1,754,951	74.6
Finished goods	3,486,481	7,226,369	17.4

information by divisions, because Printpac is engaged in retailing, wholesaling, publishing, carton manufacture and printing, cardboard cases, and flexible packaging.

The diversified interests are unlikely to contribute equally to the total, nor would they produce similar returns on investment. The information would assist understanding of group business.

Up to date revaluations of fixed assets give readers an idea of the group's total real investment in the business, but they affected the relationship of cash flow to total assets last year, as did the rise in current

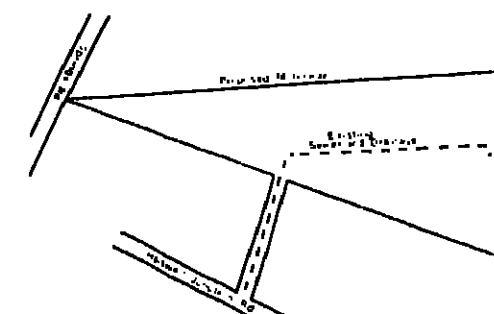
assets and liabilities.

Cash flow (net profit, plus depreciation and non-trading cash items) was 7.15 per cent of total assets, compared with 7.86 per cent in 1978, in spite of a 10 per cent increase in net profit, and a movement of 14.7 per cent in the depreciation charges.

The net asset backing of \$4.38 a share, compared with last week's market price of \$1.60, explains why the Wellington company, Brierley Investments, decided to take a reasonable stake in Printpac, and to obtain board representation. How long before Brierley moves again?

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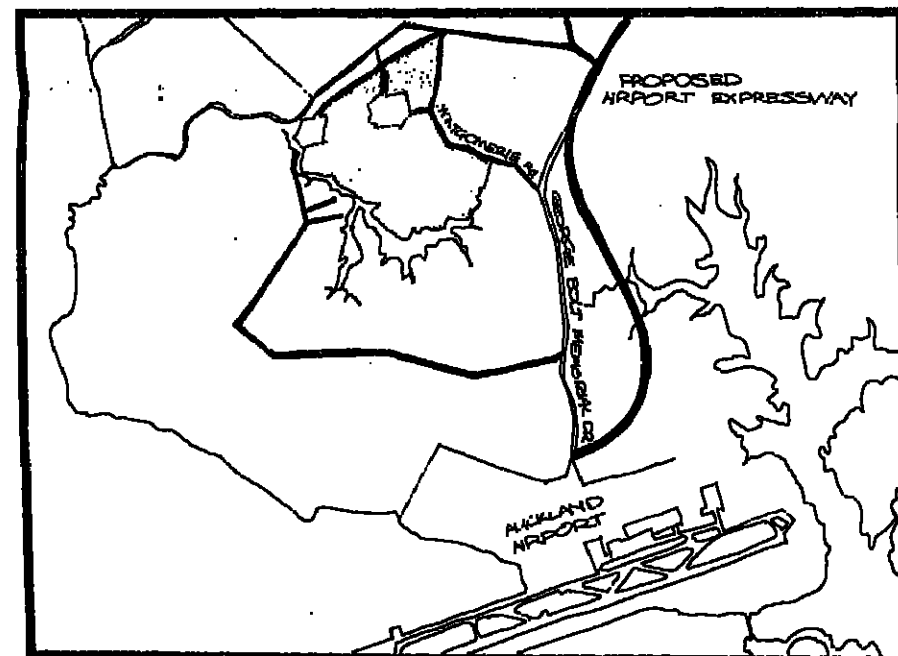
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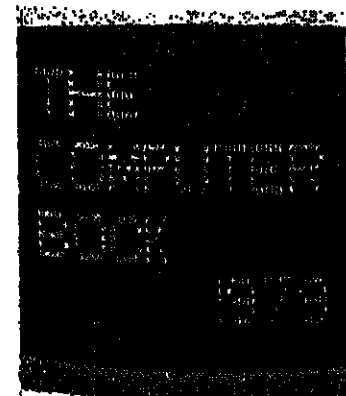
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Business news

Arthur Yates and Co. Limited announced that offer documents had been mailed to shareholders of Hodder and Talley Ltd., Palmerston North-based grain, seed, produce and fertiliser merchant, the offer is one Yates \$1 ordinary share and \$6.24 cash for every two Hodder ordinaries and \$1.32 for each specified preference.

Clyde Engineering Ltd., of Lower Hutt, announced it proposes to change its title to Clyde Group Ltd. It feels the present name does not adequately describe the nature of the activity of many of its subsidiaries.

The company reported tax-paid profit of \$520,000 (\$354,000 for the previous 18 months). The dividend is maintained at 12c (12 per cent).

Dalhoff and King Holdings Ltd. recorded a 395 per cent increase in unaudited tax-paid profit of \$381,000 in the six months to September 30 over the previous half. Sales increased 47 per cent to \$20,405,000, directors announced, and sales levels are expected to be sustained in the second half. They declared an unchanged interim dividend of 3c (6 per cent) amounting to \$176,323 payable January 23, ex January 7.

General Finance turned down an offer of about \$9 million by British-based Electronic Rentals Group Ltd. for the finance company's rental television subsidiary. The directors expect a higher bid. The offer had been made in conjunction with Auckland-based Transvision Holdings Ltd. Electronic Rentals was



supporting Transvision Holdings' unsuccessful offer for the whole of General Finance.

Henry Berry Ltd. increased unaudited tax paid profit 31.8 per cent to \$469,774 in the six months to September 30. A steady interim dividend of 4.5c (9 per cent) has been declared, payable January 31, ex January 10.

Manawatu Knitting Mills Ltd. reported a 6.24 per cent increase in unaudited tax-paid trading profit over 1977-78, which amounted to \$234,377 in the year ending October 19. Directors recommended a final dividend increase of 0.5c, bringing it up to 5.5c (11 per cent), payable February 20, ex January 31. The interim dividend, up 0.5c, is paying 3.5c. Altogether it is 9c for the year.

Regina Confections Ltd. reported a 72.2 per cent increase in unaudited equity-

based tax-paid earnings to \$31,178 in the half-year to September 30. Interim dividend is increased to 6c (6 per cent), payable February 29, ex February 13.

R W Saunderson and Co Ltd. announced it had been considering diversifying its activity sphere for some time and had entered the field of horticulture. The project involves a partnership with Mr and Mrs J. McLean, at Matakana. About 20 hectares of freehold property will be developed in a proposal approved by the Ministry of Agriculture and Fisheries.

UDC Group Holdings Ltd. announced a tax-paid profit, including share of profit of associated companies and excluding minority interest, of \$1,081,000 for the September half-year. That was slightly down on \$1,090,000 in the 1978 period. The directors intend to make a distribution from the share premium account in lieu of an interim dividend, to be tax free and equivalent to 6 per cent (6c) on the ordinary capital. It will be paid December 18, ex December 2.

Migration

NEW Zealand experienced a greater net migration loss in the year ending October 31, 1979, than in the previous year. The Government Statistician announced a net migration loss of 33,367 to population compared with 24,967 a year previously.

Small claims

REFEREES were announced for two new small claims tribunals - Gerald Pembroke Sheppard, in Gisborne; Ian Douglas Fleming, in Invercargill.

Trade

PRELIMINARY trade figures for the month of October 1979 showed an excess of imports over exports of \$77.8 million, according to the Government Statistician. The position a year earlier showed an excess of imports over exports of \$71.7 million. October 1979 provisional figures are exports valued at \$408.5 million; imports valued at \$486.3 million. Corresponding figures for October 1978 were exports valued at \$318.8 million; imports valued at \$390.5 million.

ACTING Overseas Trade Minister Lance Adams-Schneider announced the Department of Trade and Industry was studying the feasibility of sponsoring a New Zealand stand at one of Hungary's major international trade exhibitions, OMEK, in Budapest next year. Companies specialising in the manufacture of supply of machinery, equipment, technology and services associated with agriculture, horticulture, forestry and food processing are being invited to indicate their interest. EXPORT awards were presented to Pearson, Knowles and Rylands Bros (NZ) Ltd, of Otago, and ENZED Precision Products Ltd, of Auckland.

BMG

IN ASSOCIATION WITH NATIONAL BUSINESS REVIEW

FOUR teams have won through to the finals of the International Computers Business Management Game to be held in Auckland on December 7 and 8.

There is a team from Bar Burgess & Stewart, chartered accountants, of Dunedin; General Foods Ice Cream Division, Auckland; Economics Department of the University of Waikato, calling themselves Treklor Enterprises; and a private-entered syndicate of businessmen from the Hutt Valley, Auckland, Associates.

Top profit honours went to the Bar Burgess & Stewart team with a profit total for the six periods of the third round of \$20,101,000. They also had the largest winning margin over the nearest competitor of \$2,567,000.

BMG Administrator Dr Michael Jameson said some of the profits made by the leading teams were the largest he has seen in recent years, despite the "industrial troubles" imposed on the industry through the round when production was cut to half-normal for one period.

The Bar Burgess & Stewart team can attribute its success to building up early a large and efficient production unit but, always pitched their prices so as not to be left holding too much stock, Dr Jameson said.

The results of round three are shown below:

GAME TA	(Mainly Auckland teams)	\$000
1 General foods (Ice Cream Division), Auckland	18,911	
2 MWD, Turangi	18,281	
3 Fletcher Brownhill, Auckland	18,074	
4 IDAPS Computer Science, Auckland	17,119	
5 Manakau Technical Institute	9,025	
GAME TB (Mainly central North Island teams)		
1 Treklor Enterprises, Economics Dept, University of Waikato	10,475	
2 Rangipo Synidate, Turangi	10,322	
3 Auckland Hospital Board	10,145	
4 Fellex Furnishing Group, Auckland	10,134	
5 Central North Island timber company	7,102	
GAME TC (Mainly Wellington teams)		
1 Andrew King & Associates, Hutt Valley	10,575	
2 National Chartered Accountant, Chel No 2 team	10,150	
3 Mobil Oil, Wellington	10,119	
4 Mansell Enterprises, Wellington	10,075	
5 Ford Motor Company of NZ Ltd	9,119	
GAME TD (Mainly South Island teams)		
1 National Chartered Accountant, Dunedin team	20,119	
2 Christchurch Chartered Accountant	19,119	
3 Christchurch Chartered Accountant	18,119	
4 National Chartered Accountant, Chel No 1 team	17,119	
5 B McCullough Associates	9,119	

Policy stands between retailers and yule cheer

by Peter V O'Brien

THE forecast downturn in retail trade was confirmed in the three months to September. The Department of Statistics released figures for store turnover last week. They show a decline in trade in real terms, after adjustment for price changes.

The department calculates the "real" figures in various ways: in total before seasonal adjustment; in total after seasonal adjustment (different trading days and spending patterns in each quarter); per head of population before seasonal adjustment; and per head of population after seasonal adjustment.

The figures per head of population have statistical validity as an indication of individual spending patterns, but from the retailer's viewpoint, the key figure is total turnover.

The fact that some people are spending more through emigration and other factors affect the total number who go shopping is immaterial to the storekeeper. There is less money in the till at the end of the week.

The seasonally corrected and price adjusted figures for real store turnover were 1.62 per cent lower in the September quarter when compared with the same quarter of 1978.

The drop followed a rise (on a base of 100) of 5 per cent in the June year while the figures for the March quarter were 3.7 per cent ahead of March, 1978.

Annual quarterly comparisons give a better indication of trading patterns than quarter to quarter changes in the "one year" because the former compare like with like, changing spending patterns quarter to quarter (seasonal).

Retail sales were expected to show this trend. The expectation was expressed in Government action to ease the removal of money from the economy.

The position should improve a little when later statistics become available. Taxes were cut from October 1, and the family benefit was doubled to \$6 for each qualifying child.

The department's figures for the September quarter by "store type groups" are unadjusted for price movements.

All groups had an increase in dollar terms over the 1978 September quarter, but a rough calculation shows that several areas fell in real terms.

The total Consumer Price Index change for the year to September was 15.2 per cent, comprising a range of percentage movements above and below the global figure.

The meat, fish and poultry group of the CPI, for example, increased 29.3 per cent in the three months to September, 1978.

But the "butcher, poultry" store type group in the retail statistics had a dollar sales increase of 24.5 per cent in the same period.

It seems therefore that actual volume sales declined in the year, although by a relatively small margin.

Export prices for meat govern the local price, so it is possible that consumers either reduced their total expenditure on meat, or sought out the lower priced cuts.

Direct comparisons between other sub-groups of the CPI and store type groups in retail trade figures are difficult, because there seems to be a different "mix" of items in the two sets of statistics.

The clothing section seems to have finished up even. The CPI "clothing" section was 10.2 per cent above 1978, while the "apparel" stores had a dollar increase of 10.4 per cent.

This section is subject to a distortion in the retail statistics. The latter has a group "general department and variety", and those stores usually have clothing departments.

General, department and variety stores recorded a 9.7 per cent dollar improvement in the year, so the clothing sections may average out in relation to the CPI sub-group change.

The margin of error between other groups of the CPI and store group turnover are likely to be so wide that further comparisons are unjustified.

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Trusts' brewery plans: small beer but profitable

by Rae Mazengarb

LICENSING trusts in the Wellington region aim to set up their own brewery.

A feasibility study has been completed and copies of the report have been sent to overseas breweries which have expressed interest in giving technical support.

It is understood Lion Breweries has been offered an interest in the development when it gets underway, but Lion turned the offer down.

The initiative for the brewery appears to have come from the Portus District Licensing Trust. But general manager Leo Downey said all the trusts in the Wellington area were interested in forming a brewery.

Downey emphasised it was too soon to talk about concrete developments. The trusts were playing it "low key" for the moment.

But the feasibility study showed the unit itself — "just relatively small" — could be



profitable, Downey said. Production could be around 4.5 million litres a year, he indicated.

Although the "basic homework" had been done, Downey said there were other factors to be considered.

Once the beer is made, it requires a market. All the trusts in the Wellington area would be potential outlets — and perhaps some of the "independent" pubs.

But as Downey says, you can't force people to buy the beer. It is not trust policy to restrict the customer's choice. There must be a guaranteed off-take from the brewery.

A marketing exercise can reveal the number of litres which have to be manufactured before the brewery makes a profit, but "once you've got X litres out daily, you need to get it drunk", said Downey.

The rationale behind the move is to reap the benefits of profits from the manufacture of beer and for the trusts to gain more independence.

Johnsonville Licensing Trust Tom Craddock said the trusts had been well-served by Lion Breweries, "but any trust must be interested in what is termed the 'vertical integration' of the industry" (making profits from the production line right to the final point of sale).

Craddock pointed to the South Island trust with its 48 per cent shareholding. The

DB South Island Brewery Limited, at Washdyke, as precedent for the Wellington trusts to follow.

"Look at the benefits they are enjoying. We merely contemplate an extension of that principle", he said.

It is understood several breweries from both Britain and the Pacific Basin have

assured the trusts of technical backup.

Downey would not comment on whether Malaysian Breweries had been approached for advice.

He did confirm that Lion had turned down the offer of a potential shareholding.

The major breweries have been complaining for some

time about the national beer consumption.

But even though there has been a downturn since 1970, Downey believes there is scope for further growth in Wellington area.

"The Wellington trusts represents a growth market", he said.

Taxman horns in on deer bonanza

THE taxman is hunting for a share of the heavy profits from a rapidly expanding deer farming industry.

Gross margins are high as antler velvet finds a niche in the South-east Asian aphrodisiac market.

A herd of 450 deer, according to Ministry of Agriculture and Fisheries calculations, can earn \$149,000 after deducting direct expenses of \$13,400.

City investors are eagerly cashing in and driving up deer prices. Three years ago hinds

could be bought for \$150; today the average is nearer \$3500.

But the returns are still good — \$1760 a deer unit, 17 percent on capital — particularly when the standard value tax concession for stock valuation is taken into consideration.

Now the Inland Revenue Department — worried by the high paper losses — wants to change the system.

Under Section 86 of the Income Tax Act the Commissioner of Inland Revenue has the power to fix the standard stock value.

Till now, deer farmers claim, the same rule of thumb has been applied to them as to more conventional farmers.

Stock is valued at half the average price for the last three years and the actual purchase price written down to this amount in the year of purchase — a valuable concession when stock prices are rapidly rising.

The result, for some, is high paper losses which can be carried forward to offset future profits.

But the rapid escalation of deer prices enabling deer to be written off at recent purchase is causing the commissioner to use his powers to review the system. A standard stock value is deer.

The Deer Farmers Association claims the taxman is threatening the future of an export-oriented industry whose annual earnings are expected to leap from \$5 million this year to \$12 million by 1990.

Deer prices will fall as investors back away, and helicopter catchers will be back to shooting deer for venison.

The taxman, the association claims, will get his hands on the paper losses, which is a development incentive to set the high initial cost of written off.

A spokesman for the Inland Revenue admitted a "review" of standard stock values and said a decision is likely soon.

Agencies to get look

ADVERTISING agencies and their clients will be taking keen interest in yet another unveiling tomorrow of the easting Corporation plans for the launching of Television New Zealand next year.

A press conference will reveal specific programmes for each of the two channels — all-important for the placement of advertising in the new system and crucial to the corporation's revenue expectations.

Two previous press conferences have outlined first, the corporation's complementary programme concept, and second, local production plans.

But despite bullying about the Cross vision of a better programming deal for viewers and notions of less advertising time but more advertising income, scheduling details on which agencies can have decisions have been kept under wraps.

Programme controller Des Monaghan tomorrow will put out programme placements and so indicate which viewers are likely to be watching what programme at any given time.

Advertising response is important to Television New Zealand's economic viability.

So far, speculation surrounds what effect restructuring would have on broadcasting finances that have been plagued for several years by heavy capital expenditures and the Government's refusal this year to allow an increase in licence fee that has remained unchanged since 1975.

Economics Correspondent

THE American economy is expected for a mild slow-down during the first half of 1980. And leading up to that, the principal adverse effect on economic activity through 1979 has been the acceleration of inflation.

As the Organisation for Economic Co-operation and Development (OECD) in its latest survey of the United States economy.

The survey provides some good news for New Zealanders. Because the United States is one of our trading partners and plays a key part in the world financial system, economic activities can influence ours.

First, the potentially good news. Energy, food and housing price increases are considered to be the main factors contributing to the acceleration of inflation in the United States.

Table: DECLINE IN UNITED STATES CATTLE STOCK

Calendar Year	Millions of Cattle
1970	112.4
1971	114.6
1972	112.9
1973	121.5
1974	127.8
1975	132.0
1976	128.0
1977	116.3
1978	110.9

Much of the food problem has resulted from rapidly rising beef prices. This has brought about the price rises for our beef exports.

As the table shows, cattle stock in the United States declined from a peak of 132 million in 1975 to just under 111 million at the end of 1978.

Soon the beginning of 1979, beef supplies available for the American market were reduced as ranchers slowed killing to build up their herds.

The lack of supply of beef has put pressure on prices.

In recent months, increased beef and poultry supplies have resulted in lower prices for these main dish items and consumers have substituted beef for beef.

But the pressure on beef prices was reinforced for a time by grain price increases.



THE ECONOMY

Of course, once ranchers have again built up their herds, the price of beef will stabilise.

In the meantime, the fall in stock numbers and rise in price means easier access to the American market for the New Zealand farmer.

But we have not been able to take full advantage of this situation because of our own fall in beef livestock numbers.

The bad news stems from the disturbingly large claims of the United States on the world's energy resources.

As the chart shows, the level of inflation in New Zealand has been quite high since the 1973 oil price rise.

While the United States economy initially reacted to the effects of the oil crisis, and this was one of the factors contributing to inflation rising over 10 per cent in 1974, it has since refused to decontrol its internal oil prices. Until 1979, inflation remained below 10 per cent.

But the great instability and uncertainty about supplies of world oil markets during late 1978 and the first half of 1979 have contributed to energy price rises in the United States.

And now the economy is experiencing an annual rate of increase in consumer prices higher than New Zealand.

The immediate effect of the disruption in oil supplies in the United States, as in other countries, was a rundown of stocks. According to the OECD, the situation was particularly serious in distillates (fuel oils), where stocks were about a quarter below normal.

With fuel oil stocks under minimum operating levels, the cold winter of 1978/79 had

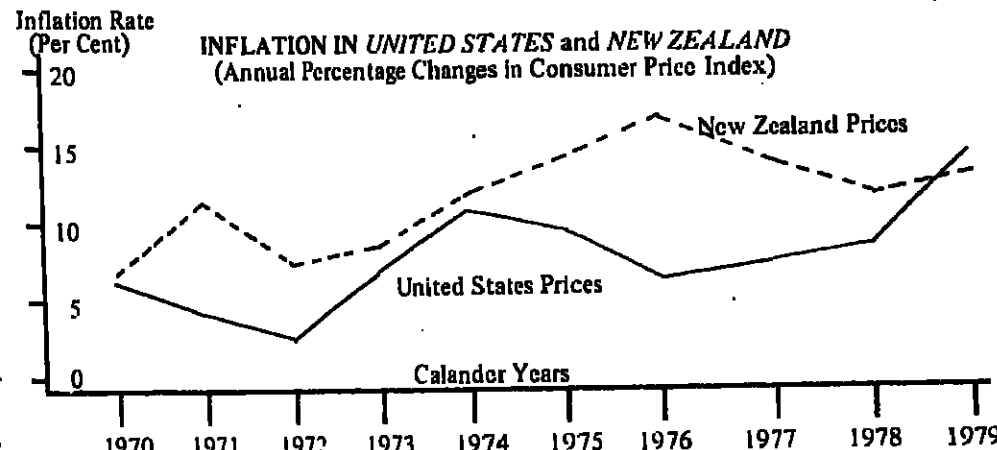
more than its usual impact. Shortages of refinery capacity also put pressure on fuel oil prices.

While in general, the energy supply disruptions during the first half of 1979 have been overcome more quickly than expected, energy price rises were substantial. In the second quarter alone, they rose by 52 per cent.

Recent Opec price increases are likely to put further pressure on inflation in the United States during the last half of 1979.

The OECD points out the United States is by far the most important energy user among organisation member countries, accounting for less than half of total OECD demand in 1978. Energy in consumption per head is well in excess of that in other countries, with the exception of Canada.

In 1978, energy consumption per head in the United States was 8.5 oil equivalents



compared with 2.5 oil equivalents in Italy.

One reason energy consumption per head has remained so high in the United States is that controls have prevented the price of domestic production from rising to world levels. For example, a litre costs 17 cents in the United States compared with 39 cents in the United Kingdom in 1978.

Also, it argues, "the trends in United States energy imports and net imports of other

goods and services over the last few years would, if continued, lead to ongoing problems for the international financial system".

The OECD message to the United States is: If it wants to reduce the inflation rate, hard decisions must be taken about energy and use.

In doing so it will also do the world a favour.

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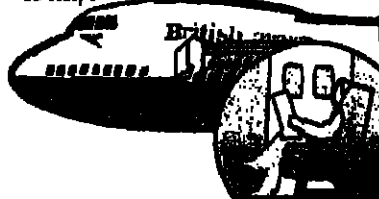
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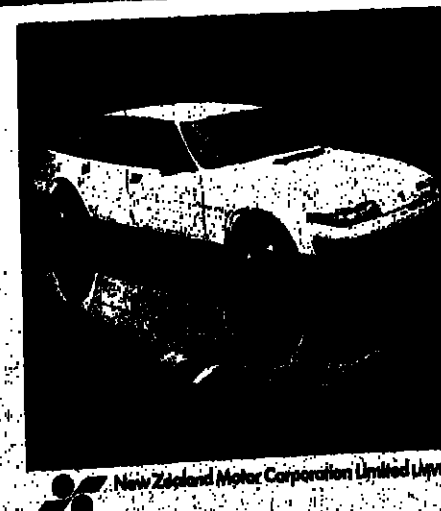
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ROVER
New dimensions in driving technology

Rise in beef prices should offset production drop



PETER JOHNSTON ...
"no" to tendering



JIMMY CARTER ...
counter-cyclical legislation.

by John Draper

BAD news for the housewife and the cost-of-living index. Good news for the farmer and meat exporter.

Beef prices will be moving up again next year.

The American beef cycle, which drives the New Zealand and Australian cycles, is staggering along the bottom of the trough as herd rebuilding slowly begins.

Production in America is expected to be unchanged in 1980 while New Zealand's output falls by up to 12 per

cent. Eight per cent — on 15,000 tonnes — is the most favoured prediction, which at current prices is worth \$37.5 million.

A 10 per cent price rise will more than offset the loss.

Abundant pork and poultry prices are steadying the American market, but the effect is expected to be eaten away by mid-1980.

The strong demand will absorb most of New Zealand's beef output.

Other regular customers, Singapore, Hong Kong and the Caribbean, will still be catered for as they tend to pay

close to world prices. But the Japanese will miss out.

Sales to Japan dropped sharply last year from 6390 tonnes in the 1977-78 season to 2639 tonnes to the end of August 1979. The Japanese are likely to get even less in the coming season.

W and R Fletcher's general manager Peter Johnston said it had been pointed out to the Japanese many times that their tendering system was not encouraging the loyalty of suppliers because there is little prospect of continuity in the market.

And unless the Japanese

were willing to pay more, the Americans, New Zealand exporters would not be playing, he said.

Optimistically, the Japanese have raised their quotas for the coming 19,000 tonnes.

The counter-cyclical legislation passed recently by the United States Congress, now awaiting President Carter's assent, will not be noticed if it comes into force in 1980.

Congress wants a quota of 12 billion (535,000 tonnes), leaving additional quotas in when supplies are short.

New Zealand's quota for 1980 will be greater than supply. Stocks are plentiful. Any unsold beef has already been shipped to Pacific in an attempt to clear this year's late quota.

The outlook for meat also good. Russia, facing disastrous grain harvest, is already buying at a \$1 a kilo.

So far one sale of 100 tonnes has been made, and there are reports Russia is making commitments to pre-buy shipment.

An OECD report says that optimal export norms for meat to Soviet authorities will be attained by the mid-1980s despite public pressure from rapidly rising prices.

The report is chiefly about trade, because buying by Russia will be good returns.

Japan again will be weak position. In the Japanese have been making the art of brinkmanship, until prices fall the lack of demand before.

Some interest has been shown this season. 62 cents a kilo.

South Korea is expected to be a more willing buyer.

A late start to the season will make meat relatively scarce, at least the main rush of lamb to Iranian and British markets.

And the total throughput is likely to be different from last year. Farmers did not have flocks as much as anticipated and the killing season, though slowing down quickly before Easter, is going for several months.

Lamb killed reached 12 million in Easter forecast, though many more than forecast time last year.

Meat exporters are higher kill to good price overcoming farm conditions to rapidly increase numbers.

This season's lamb kill expected to be 27 million, most of which has been accounted for by 45,000 tonnes order for

O & M views profit squeeze



ADMARK

"So you see, it is important to review the status reports from each country, to examine the economic problems and opportunities and the variations between budget and attainment. The point is that the administrators are operatives, not desk chair executives."

Ball pointed out the need for close financial control by



MICHAEL BALL ... need link with Australia

examining current difficulties being faced by agencies around the globe.

"There are enormous cost pressures which mount with size," he stated. "Salaries are exploding world-wide. For years there was little training going on in the business. In the late 60's and early 70's there

was a forty per cent drop in staffing in the UK. Experienced people are now demanding their market value. As a result there has been a 23 per cent increase in salaries world-wide."

Slow payment by clients is a problem and with interest rates and other operating costs soaring with inflation, the task of financing an agency operation is in Ball's terms, "diabolical."

With an income level based on commission and so more or less fixed, the squeeze is on profits. "Our world-wide net income for 1978 increased 18 per cent over the previous year but this year with significantly larger business, profits will not be larger," Ball commented.

(With a profit of \$12.6 million dollars in 1978 and a policy of paying out about one third dividends, the shareholders will probably not be too cut up about this.)

All the same, Ball pointed out, O & M is growing and the whole advertising industry is still expanding. The agency is currently number 4 in the world-wide pecking order, he claims, and is aiming for the number 3 slot.

Nearer at hand, Ball sees that an economic union between Australia and New Zealand is essential to this country. His overview is that the issue of political union should never be raised but that a true trade bloc is wholly desirable.

"Australia must deepen its interest in South East Asia," he said, but can do without New Zealand if necessary. Australia is already inviting Japan to develop Australian infrastructure and resources — it can provide both the money and the market. For undoubtedly Japan is Australia's first market.

"But New Zealand needs Australia and it continues to be efficient in the things it does well and lets go the things it does inefficiently, it can have a terrific future. New Zealand

has enormous national assets, including energy, even if it adopted an isolationist point of view and dropped out economically, no one would ever starve or freeze."

"But there seems to be a groundswell of opinion in favour of growth and of liberalising investment. It looks as if New Zealand is ready to take off," he said.

Radio: local medium

A CHANGE has come over radio listening habits and the trend is for listeners to identify more and more with their local neighbourhood station.

At least, that's the view of Radio New Zealand director-general, Geoffrey Whitehead.



GEOFFREY WHITEHEAD ... people wanting own voice

One of the reasons, he says, is the universal adoption of the transistor radio. With an antenna, range is unlimited and the stations most likely to be heard well are the nearest ones.

"People are more concerned with story close to hand," Whitehead told Admark. "The local scene is something to which they relate and something which they can



COMMUNITY RADIO ... heightening community feeling

influence. When responses are made to community issues, people can see cause and effect at work in their own backyard."

Whitehead agrees that radio has used the opportunity to act as a catalyst in heightening individuals' interest in the community.

"Because radio is small and flexible, it reflects life," he said, "and we experience this interaction between stations and their listeners."

Whitehead's remarks were related to the forthcoming launching of the Ashburton radio station, 3ZE, the first public service community radio station for 13 years.

"For us, it is a very exciting event. First it demonstrates the continued interest in radio as a medium, with people wanting their own community voice."

Second, we bring to fruition some new plans relating to the concept of community stations, though the concept itself has been in force for a long time."

Whitehead explained that recent Broadcasting Tribunal decisions had been made in favour of RNZ for stations in Ashburton, due to go on air at the beginning of next month, and Oamaru, planned for mid-1980.

In the interim it is waiting for a decision on Levin while a hearing on Gore is yet to be scheduled.

The background against which these stations are being launched, is that since August 1975, the total staff establish-

ment of Radio New Zealand has been reduced by nearly 20 per cent. RNZ plans to nian these new stations from the current ranks.

"They will be staffed initially by 3½ people - the fraction representing part-timers - who are known as community broadcasters."

"The manager will be an all-rounder and each of the staff will have at least two skills - announcing, copywriting, selling and so on."

"In the first six months they will originate two hours daily and by the end of the first year, five hours. At other times they pipe in their nearest ZB 'mother' station and complete the 24-hour transmission by overnight broadcast of the national station."

Whitehead states firmly that these will be commercially viable stations and they have been costed out to become profitable after the first full year of operation.

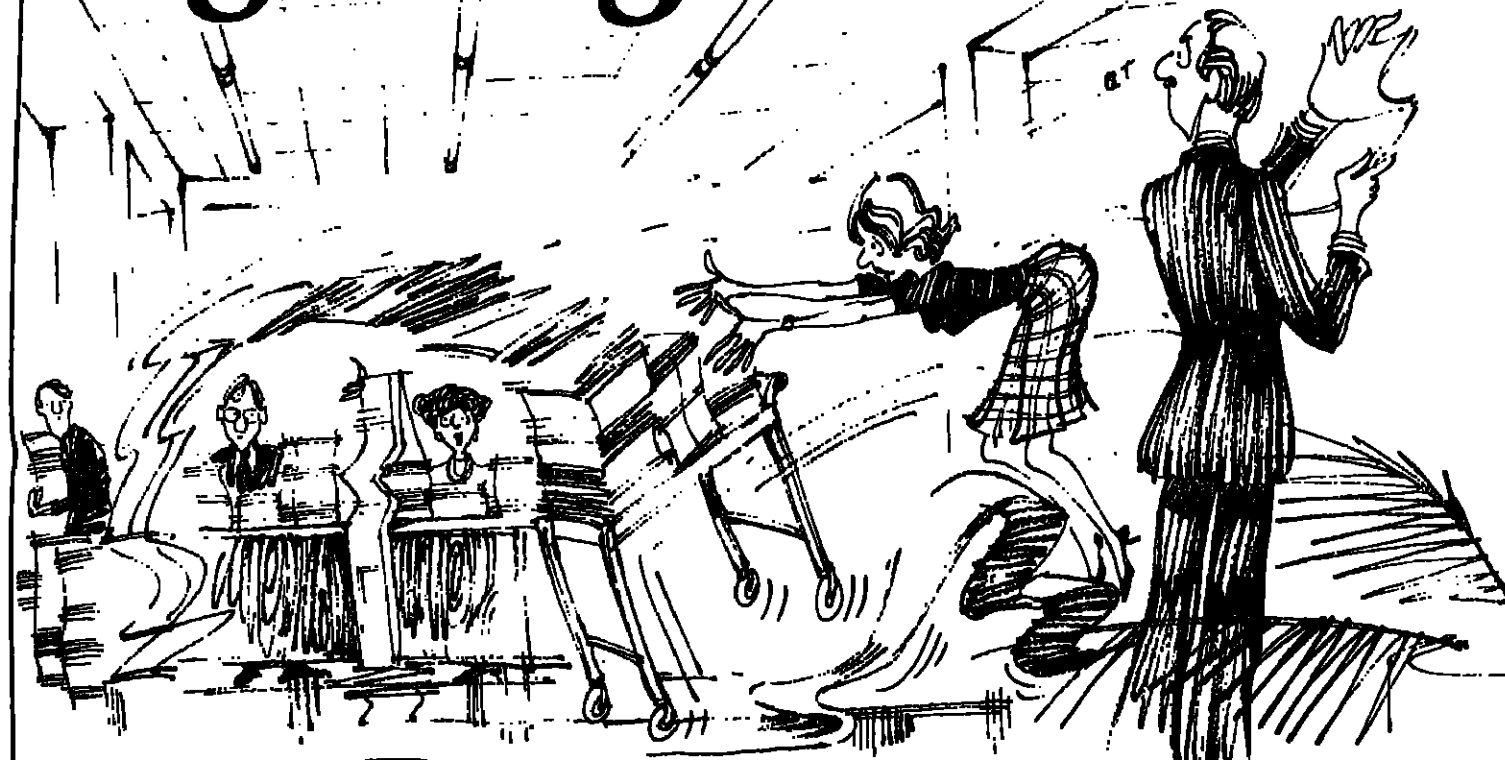
And what is left for the future?

"We can see the possibility of introducing very small operations of short daily broadcasts from stations which currently are only repeaters - such as Kaikohe and Kaitiaki - and which are already partially equipped."

Whitehead said. "Manpower requirements would be low - say 1½ persons."

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by Belinda Gillespie

NEW Zealand has been a world leader in geothermal technology for 30 years. But public awareness of previously neglected environmental factors has been heightened this year in legal conflicts over drilling proposals in the Rotorua area, and public concern over Whaka, one of New Zealand's prime tourist areas.

The Planning Tribunal, chaired by A Turner, SM, recently stopped a proposed Ministry of Works geothermal drilling programme in the Waimangu thermal area, on the lower slopes of Rainbow Mountain near Rotorua. The decision is regarded as a landmark by environmentalists.

The ministry had been granted rights to take geothermal water from investigation wells in the area. The decision was appealed by Dr R Fearn, associate professor of physics at Auckland University.

Fearn said that Waimangu was one of the most remarkable geothermal systems in the world, and that the taking of energy from it would be likely to have a detrimental effect on a historical, scenic and tourist significance.

He claimed, too, that the right for a period of five years, allowing the taking of a maximum of 2500 cubic metres of water daily, was more extensive than necessary.

The impetus behind the Works Ministry application was an approach by the owner of the property on which drilling was to take place, who hoped to harness geothermal energy to run a timber processing plant.

The ministry argued that wells would have a wider use, as part of the more general investigation of that particular geothermal field, and pointed out the value of previous investigations in making recommendations on geothermal resources.

A DSIR witness said the proposed well was possibly in a "neck" between fields in "what is possibly the country's largest geothermal system". If investigation wells were not drilled in the "necks", he argued, it was impossible to assess the system for energy use, and "there is nothing against which can be weighed the value of the fields for tourist or other uses."

Another DSIR witness, the local district geologist, said that "in each instance where a hydrothermal field has been drilled, natural activity has been affected; that if energy is extracted artificially it is not available to come out naturally."

Fearn, who has been investigating the area over many years, said the drilling would render inconclusive the results of any future research.

The tribunal said that Fearn's scientific study of the area when complete, "is likely to be of value to the community (and) would be adversely affected if hydrothermal energy were drawn off artificially."

Turner found that any benefit following from the water right was not enough "to justify the detriment which might be caused to the scenic and natural features of the Waimangu thermal area."

At the same time, "we do not say that the scenic and



Thermal exploitation ... planners block Works Ministry efforts

natural features of the Waimangu thermal area must be forever protected and that no rights should be granted to take hydrothermal fluid from the area."

But instead of a "random" exploration, such as the one proposed, any investigation should be part of a "comprehensive plan of exploration - not made without full evaluation of the likely environmental consequences".

Whakarewa in the Rotorua geothermal system regarded by those with a vested interest in tourism as under attack from those who tap the area's energy resources.

Some of this local opposition came to a head earlier this year, when the Ministry of Works on behalf of the Forest Research Institute, only a few kilometres from Whaka, applied for a water right for a geothermal bore in its grounds. The Commission for the Environment wrote to the ministry asking if the environmental implications of the proposed programme had been assessed according to normal procedure (detailed in

a Cabinet minute of May 28, 1978).

When this was not done, and public interest was still strong, the commission attended a meeting in Rotorua where the issue of the environmental documentation and its effects on the Rotorua field were raised. But the ministry of works did not subsequently publish any assessment with the intention of obtaining outside viewpoints.

It considered that its assessment — apparently an "internal document" — would be adequately discussed at the water right hearing.

According to the ministry geothermal engineer the procedures followed in this case were exemplary. The Forest Research Institute already has a geothermal licence and by using its existing bores has made electrical power savings of up to \$0.5 million a year over the last 10 years.

Because the proposed bore was outside the city boundaries, the institute had to apply for a licence from Energy Minister Bill Birch. When this was obtained, a water right was sought.

The application was heard by the Bay of Plenty Catchment Commission, which deferred a recommendation to the National Board in Wellington, on the grounds that it was generally concerned with applications for discharging, not taking water.

Acting on a suggestion made at the Whakarewa hearing, the Forest Research Institute improved its techniques for measuring the amount of water in use from its bores, and found that it was using only about one-tenth of its original estimate of 1000 cubic metres a day — or less than one percent of the flow of the total city output.

The institute has withdrawn its application, which showed water use far in excess of its actual requirements. But it will reapply.

The engineer pointed out that the new bore was to be 1.4 kilometres away from Pohutu, the main geyser at Whaka, one kilometre further away than the existing bores, and for this reason had to be drilled deeper. It was to be used only as a "stand-by" bore — a claim which has been challenged by the environmentalists.

He called both cases "a sad affair" of the Government doing the right thing in applying for water rights, and giving people an unusual opportunity to declare their views.

Drilling within the Rotorua city area usually proceeds simply on the receipt of permission from the district council. Outside the city area responsibility lies with the Energy Ministry.

It was easy for people — who were not necessarily making good use of their own geothermal assets — to attack the anonymity of a Government department, which in fact performed far better in controlled use of its bores than did the private sector, he said.

The Waimangu decision, he observed, didn't preclude other decisions for the future use of geothermal power in the area.

Scientists in such cases tend to highlight the aspects which suit their case — for example,

geyser activity waxes and wanes according to factors such as rainfall, quite apart from human intervention.

There is also considerable public ignorance on geothermal matters — for instance the so-called "deep" bore proposed for the Forest Research Institute was "not deep in Wairakei language".

Nevertheless Kaye Clark, a geologist and investigating officer for the Environment Commission, argues that these cases illustrate a need for "appropriate environmental controls".

She says that the commission is concerned over "the adequacy of the current approach to the environmental consequences of drilling and development of geothermal resources".

A draft set of guidelines proposed by the commission to its interdepartmental committee two years ago has not been implemented.

The commission has now further amended the guidelines in such a way as to ensure their workability within the framework of the ministry geothermal investigation programme.

Because geothermal effects are felt earlier than those in standard development projects, extra environmental protection, such as some sort of early-warning system, is required.

A broad strategy for the protection and development of geothermal resources is essential for three reasons, Clark claims.

Changes in geothermal area can occur very early, at the stage of investigation drilling when water is discharged, and well before actual development.

Changes in the system leading to a decrease in surface geothermal activity are irreversible.

Effects can be deferred for a long time after the events that initiated them — for example the "drastic changes" in geothermal activity in Geyser Valley since 1951, when drilling at Wairakei had begun, and where there are now no thermal features of note.

Legal and conservation wrangles cool down geothermal drilling hopes

Nationwide holds even battle honours

"THE honours are even," said the Supreme Court judge, Mr Justice O'Leary, when agreeing to yet another adjournment in the long-running battle between the Air Services Licensing Authority and Nationwide Air Ltd.

After being rejected at every turn by the authority, Nationwide is almost back to square one. The Carvair freighter, it wants to operate, are now grounded in Nelson instead of Singapore.

Its future now depends on convincing the Supreme Court that the authority exceeded its powers nearly two years ago by refusing to approve the substitution of the two Carvairs for two smaller aircraft on licences held by the company.

Various technicalities and the Supreme Court's long waiting list prevented the case from being given a fixture until early in November.

The Crown's advocate was unable to attend due to a prior appointment.

A second attempt crashed landed when Nationwide, in a bid to strengthen its case, sought to introduce new submissions. The Crown sought and was granted an adjournment on what amounted to a legal technicality to enable the submissions to be studied.

A new fixture is unlikely before the Christmas recess. February is the earliest feasible date.

Meanwhile, the Air Services Licensing Authority must be hoping that Nationwide will fly away with the summer sun.

Two years of wrangling and unfulfilled aspirations have taken their toll on the finances of the company in its various guises.

Nationwide failed to convince the authority that it had any way of securing either the finances or access to fuel deemed necessary to operate.

"We do not accept that it is in the public interest that a company which lost very substantial sums of money in four months and is now insolvent with very substantial current liabilities which it is unable to meet, should be assisted by this authority to again commence trading without having first paid put its affairs into a satisfactory financial condition," chairman James Tiller said.

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A.D.E. 120

Justice Department

I TAKE issue with certain aspects of an article headed "Justice Department draws insurance creditor list" that appeared in the *National Business Review* on October 31.

Contrary to the tone of the headline and opening paragraph no complaints about the department's administration have been received by the Official Assignee or by my department from any creditors of the company of R Tether (Insurances) Limited.

The article suggests that the official assignee was remiss in failing to give all R Tether (Insurances) notice of an order to wind the company up and of a meeting of creditors to be held to nominate a liquidator. The fact is that the official assignee must rely heavily on information given him by the company. In this case that information revealed 21 unsecured creditors whereas the official assignee, acting on his own resources, notified about 450 creditors or possible creditors.

The article did not suggest how, in the very short period



of time available to him, the official assignee could have assembled a complete list of creditors, some of whom, because their business has been done through brokers, may not even have been known to those in control of the company.

I am most concerned at what appears to be an insinuation in the article that the Official Assignee might be acting in concert with other insurance companies, in particular the statement "Some of those left out in the cold are claiming that insurance companies have closed ranks while other creditors' interests are being neglected". Later on the

article says the insurance companies and the official assignee declined to give *NBR* a statement of affairs of Tether (Insurances).

It should be understood that a statement of affairs is essentially a private document produced by the company's officers for use by the liquidator. It is available to all persons claiming to be creditors or contributories of the company. It is not a public document produced for publication and the complaint of its non-release to *NBR* indicates a clear misunderstanding of the situation.

The pairing of the official assignee with the insurance companies' in relation to the statement of affairs is difficult to understand. The insurance companies, as a group, have no relationship to the official assignee in the production of the statement of affairs of Tether (Insurances) Limited.

The article criticises the fact that the investigation which resulted in the petition for winding up the company was carried out "in silence". The fact is that investigators are bound by section 9A of the Companies Act 1955 to maintain confidentiality.

The article failed to note that the Registrar confirmed to an *NBR* reporter that he had authorised the investigation a few days before the first *NBR* article appeared. The Registrar also confirmed that fact to Radio New Zealand when asked just before the *NBR* article.

J K McLay
Minister of Justice

OUR article did not suggest complaints had been made to the department. Our reporters merely contacted creditors who had previously given case studies of their unmet claims, many of which were printed in this paper, and were told that some of these people had not been directly informed of developments, even where they had notified the department of their interest.

The writer was not commenting on the official assignee's handling of the affair, but reported some creditors felt the department had not been very communicative. The article pointed out that the official assignee had to rely largely on information provided by the company concerned.

We did not suggest that the official assignee was acting in

concert with the insurance companies.

If our reporters wrongly assumed the statement of affairs was a public document, this was because we were misled by senior people in the industry.

The pairing of the official assignee and the insurance companies merely indicated these people were unable to supply us with a statement. The official assignee, we accept, could not. The insurance companies would not. One small creditor gladly supplied us with the statement, to demonstrate its inadequacy.

The registrar confirmed he had authorised the investigation after publication of our first article. He may also have confirmed that fact to Radio New Zealand. But Radio New Zealand was alerted of the matter only after seeing the story in *National Business Review* a few days earlier.

Three for the price of none

I SUSPECT that people who subscribe to *Business Letters* (Belinda Gillespie's article, *NBR*, October 24) are trading off \$50 for some peace.

What they get for money, in addition to the belief that they are beyond next week's issue into the future.

The success of business letters is they promise the crystal ball in the manager's office, which only a few minutes a time each week.

"But one decent tip and it has paid for itself," says a subscriber who says that's the point, and it happens to be a bonus.

The danger is that a pessimist can believe in picking up \$50 for tumours, every so often are well on the way towards their information needs.

The irony of it is that hard information which *Business Letters* only can to is more than likely to be available. If the Government, increasingly these days, they are than willing to provide.

Advisory services to industry within various departments have been done rapidly in recent years, rapidly its become one of a growth industry as right.

It has even been taken stage further with the establishment of SATS, a Government-funded equivalent of what are information brokers in the United States; a service seeks to help industrial commercial organisations with all their information needs.

But what about your library? For example, a five in Wellington the library subscribes to the business letters and come and look at the free, a saving of \$140 a year.

At the same time, that every other New Zealand and many international business and industrial people are on hand, not to mention other specialist publications etc. which cost to \$20,000 plus postage on material for the business community.

From there the next step is to get some advice and practical help in meeting specific information needs, marketing, technical, commercial, statistical. When you're ready to do that, come and knock the door of the SATS office.

Norman Scott
SATS, Wellington Region (C)

Exemption stickers

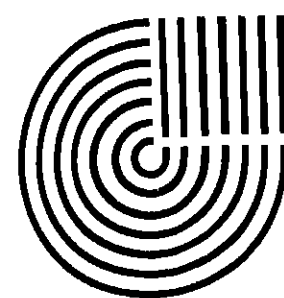
I WAS most interested to read the recent, if unofficial, carried out on the subject of exemption stickers by a member of staff (*NBR*, October 24).

Recently I also conducted a survey, admittedly only a minor one. I had occasion to call on a customer in Papanui and from where I parked my car I walked past 41 cars before reaching my destination. Of the 41, 23 had exemption stickers which, I felt, was probably not a remarkable but what was important in my view was that only 2 of these exemption stickers were for a woman's day.

Now surely an intelligent year old could deduce that you have an exemption sticker for a week day you are as busy as a bird and that the car day scheme affects you as one scrap.

Are they all simple minded? Ministry of Energy, Wellington (NZ)

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Databank Systems Limited is the largest user of Datagraphix equipment in New Zealand.

Mr Gordon Hogg, General Manager of Databank Systems Limited, (right) told Challenge Computer Division Manager, Terry Smith, he envisages that the involvement of Challenge Corporation Limited will strengthen and improve the support of Datagraphix in New Zealand.

back-up facilities with CRC; Datagraphix agents in Australia); Financial Options (Microfile offers customers a wide range of financing options); Complementary Products

(Datagraphix have provided Microfile with a full range of Micrographics products complementing the existing lines of Micron, Dual 80 and Xidex).

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UNTIL four or five years ago, COM conjured up an image as a clever electro-mechanical device; today it stands for a flourishing industry with the ability to make a systems contribution quite apart from any other combination of computers and computer peripheral equipment.

The true power of COM lies not so much in merely replacing paper reports as it does in making possible the total reconfiguration of an information system. Just one example will illustrate the power of COM.

Suppose the present system is designed to yield long lists of sequential information - perhaps a customer account list for a medium-size department store. If the system is paper-based, then there is a practical limit to the number of copies that can be generated during any one printing. This, in turn, limits the number of people who can handle calls from the various sales departments. Convert to COM, however, and the generation of a great many identical file sets is quick, low in cost, and extremely easy. (The COM copier handles the duplication automatically.) Now, rather than one or two dogeared binders passing from hand to hand, there is a complete data file for everyone. This concept of distributive files is important in COM system design, because it saves waiting time and promotes lookup accuracy.

Again, in the same hypothetical example, consider the problem of updating the files. After all, the information changes every day in some part of the file as customers are added or dropped, and as their transaction history changes. COM introduces the possibility of index-sequential publishing for a new degree of economical information processing.

It's easy to use COM files - they store in a number of convenient visible holders, and a small corner of a desk can hold hundreds of times as many entries on COM as would be possible with paper print-outs in heavy binders.

The changes from severely limited file access (which is an over-present headache with paper-based systems) to distributed files for every worker is a major system configuration change. It affects desk location, floor space, traffic patterns and personnel efficiency. The change to index sequential updating and publishing saves time

and money, both in computer output requirements and in distribution of the information. A minute spent replacing an index card or two at the beginning of the work day gives every worker a complete overview of the current data available, at the lowest possible system cost.

COM Increases Computer Output Speed

Working thousands of times faster than the very best line printer, COM accepts data from computers at an amazing rate. Today's COM units have throughput rates far in excess of most access systems.

COM also fixes the data for all time. CRT's flash and forget.

COM Reduces Storage Space

Since the data stored on a COM microfiche card is so radically reduced, as compared to the space taken up by printed-out reports, space savings are a major advantage gained by users of COM systems. Thirty microfiche contain as much data as an entire mile of computer printout. And a single ounce of microfiche, equivalent to about a thousand pages of printout, can travel through the mails for fourteen cents.

COM eases the Retrieval Process

Automatic fiche readers are available from a number of sources, and fiche are easy to access when stored in books or vertical, hinged files.

COM Interfaces Are Simple to Design and Program

The computer does not know it is working with film - all existing paper-based programs can be used with COM equipment with only minor modifications to software.

COM Provides Good Historical Data

As a matter of fact, when used in a previously all paper system, COM can provide much more convenient and tamper-proof audit trails.

COM Lowers Operating Costs

COM supplies cost less than paper supplies, and as soon as you get away from the basic carbon capability of paper, COM yields multiple copies at greatly reduced cost. High speed duplicators make copies of

COM files much faster than any paper copying system can work.

COM Simplifies Distribution

A lengthy report can be inserted with a letter in a common business envelope, as contrasted to the bulky mailing procedures necessary with paper reports.

COM Yields Current Data

And with the speed of COM, the information contained in extremely lengthy files can be updated every day without placing an undue strain on the system.

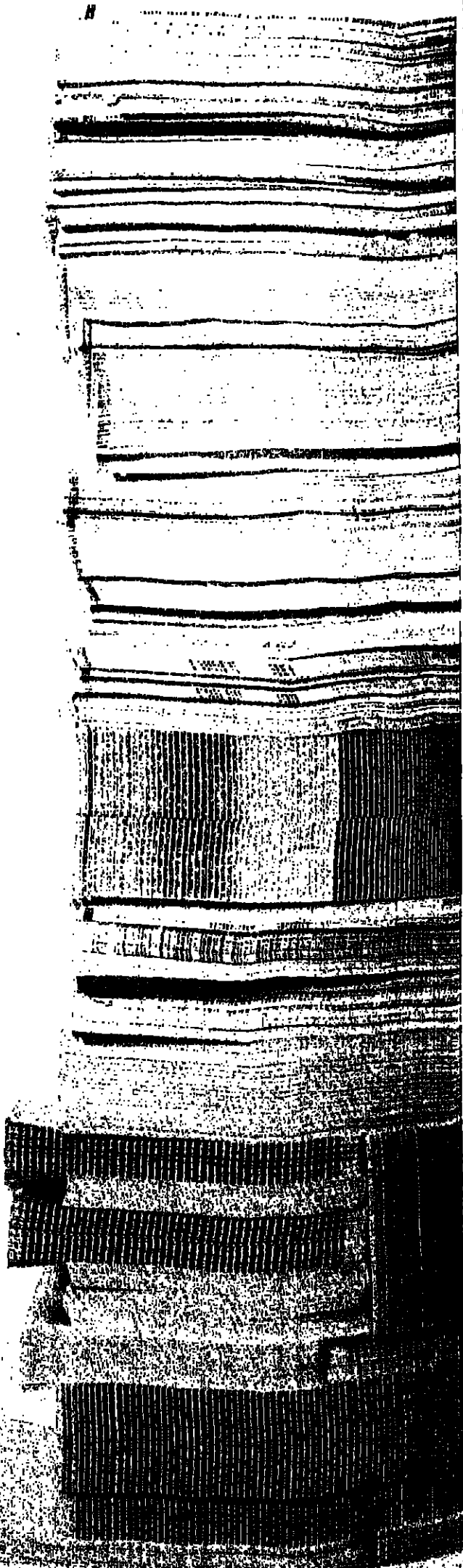
COM Gives the User Hand-On Access

Every individual with a need can be given a reader at his work station, along with a complete file of the data he works with. He does not need telephonic contact with central files, nor does he need an on-line terminal.

Conclusion: COM - A Winner Often Enough to Consider Every Time

COM has undergone a tremendous change during the past four or five years. Once thought of as merely a replacement for paper-based computer printouts, COM is now fully accepted as a unique system concept, fully as versatile and meaningful as the other two generic terms, paper and on-line.

The original value of COM is undiminished today; a system can change from paper printing to COM without changing any other part of the EDP structure, and still realise several important advantages. But it is the total system impact that now serves as the basis for modern applications of COM. The introduction of distributed files, the initiation of index-sequential updating and publishing, the ability to work from current data without any of the expenses of on-line system, the reduction in storage and file space, the ability to mail huge quantities of data at low cost, and all of the other unique capabilities of COM make possible the design of far more cost effective data processing systems than ever before.



Big Breakthrough in small Readers

PORTABLE microfiche reader that is actually smaller than a book is now available for the first time in New Zealand.

Recently imported by Microfile, the American 'Dual Eighty' is both highly economical and highly suitable for the salesman.

Small enough to store in a drawer, yet visibly high in modern executive style, Dual Eighty is an effective tool for reading technical literature, management reports, technical literature, personnel records, correspondence files, audit records and the many more documents replaced by modern microfiche.

Dual Eighty's many benefits include easy operation, greater portability (it weighs less than a kilogram), accurate reference of rapid scanning, multi-format usage (interchangeable lens system, dual lens potentials and rigid media carrier allow flexibility for future expansion), and, as the name suggests, 80 per cent coverage in less disc space than conventional readers.

The complete optical module is interchangeable and can also be used as a projector. Dual Eighty's built-in fiche holder will safely carry over 100 microfiche (that's more than 25,000 computer pages!).

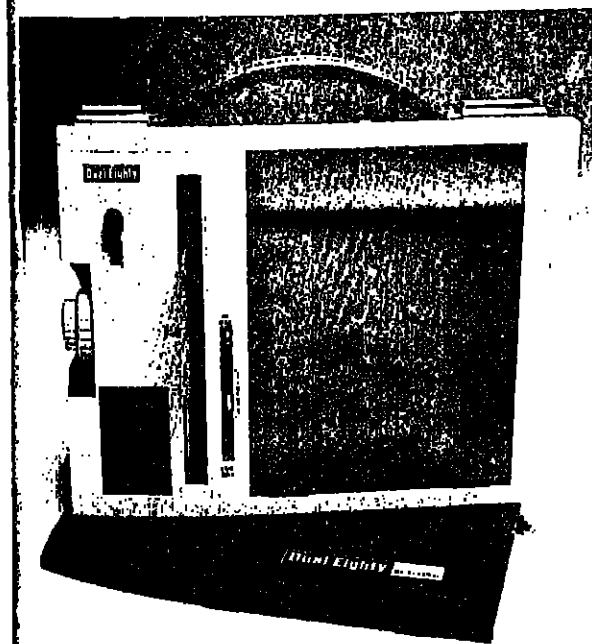
Consider these unique specifications and features:

SPECIFICATIONS:

Screen: 18cm x 23cm (7 inches x 9 inches).
Magnification: 24x, 42x or 48x fiche.
Power: 220/224 volts - 12 volts. Transformer slot allows space for adapter for auto cigarette lighter.
Illumination: Halogen lamp. Fanless operation.
Weight: Carrying (including face cover and transformer) 3 kilos (7 pounds). Operating (excluding face cover and transformer) 2 kilos (5 pounds).
Height: 26cm (10 1/4 inches).
Width: 34cm (13 1/2 inches).
Carrying Depth: 11.5cm (4 1/2 inches) (including face cover with mirrors closed).
Operating Depth: 15.5cm (6 inches) (excluding face cover with mirrors opened).

FEATURES:

Microformats: Microfiche and jackets.
Construction: High impact moulded plastic.
Colour: Brown and beige.
Cord Length: 4 metres (12 feet).
Controls: On/off dual lens selector with common focus wheel, individual horizontal and vertical film transport controls.
Indexing: Dual scales for 24x (98 page 'COM' documents) and 48x (270 page 'COM' documents).
OPTIONS: Four Hour Rechargeable Battery Pack (attaches to bottom of reader). Special order index format scales. Special order lenses.



Dual Eighty.

FREE Put COM to the test

SUPPLY Microfile with your computer tapes and the information required below, and we will run it through our COM and provide you with masters and duplicates of the output at no cost.

Plus: We'll also lend you a reader so you can evaluate the material - all under no obligation.

Contact Microfile Sales Manager Ralph Haydock, Wellington collect 861 988.

or Edward Goodwin, Auckland collect 774 496.

To complete this absolutely free test, we will require details on the record length and block length; Hex dump and the corresponding print-out of the first three or four pages; a list or mention on dump or actual print-out of what is required in the index and 'eyeball' title area; any special channel skips; the main frame being used; the required reduction ratio; track and density of tape and parity (odd or even).

Filing wasting your precious office time?



Cut it out

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Please send me your free introduction to MICROFILE and how it will dramatically cut the cost and space I now devote to information storage.

Name: _____

Company: _____

Address: _____

Now you can fit 270 computer print out pages on a piece of film not much larger than the coupon above.

We call it COM. Computer Output Microfilm. It's a very simple process with a very simple aim: to cut your information storage space by up to 98% and drastically slash your printing and storage costs.

We know because we're New Zealand's leading COM Company.



MICROFILE
A DIVISION OF CHALLENGER CORPORATION LTD.

New People reflect growing use of COM

THE INCREASING demand for COM services and equipment is reflected in the growing numbers of skilled people joining Microfile, New Zealand's largest Microfile company.

Microfile Wellington welcomes new Bureau Sales Manager, Ralph Haydock, ex AM Inter-

national, and a man with many years of selling experience - as has newly-joined Sales Executive, Ramsay Newton.

Also recent to Microfile is Sales Consultant, Allan Bartington. Allan has brought, with him considerable computer and data capture ex-

perience in Europe and New Zealand.

Microfile Auckland welcomes Operations Manager, Joseph Lowe, who joins with a wealth

of computer and micrographics knowledge after 12 years in the industry in the United Kingdom and three years managing COM bureaus in

the Midlands for Eurocom, the micrographics subsidiary of the Westminster Bank Group. Rapid growth has also attracted Engineering

Manager Martin Bax and COM operations Sinclair, Pauline Paschini, Maria Stanley, Marie Critchley and Linda Brooks.



Ralph Haydock.

Below (left to right): Eddie Goodwin, Allan Bartington, Theresa Kinraid, Pauline Paschini, Roslyn Oates, Martin Beedle, Lee Ross (standing), Joseph Lowe.



Ramsay Newton



Marie Critchley



Maria Stanley



Linda Brooks



by Rae Mazengarb

RUNNING a pub isn't all beer and skittles. Specially when you are an independent operator - and more so if you are embroiled in a price-cutting war.

But Wellington's Ron Horsley carries on his price-cutting operations outwardly undaunted at the prospect of the breweries retaliating.

He admits pressure has already been "brought to bear" on some of his suppliers.

Co-owner of the Western Park and Brunswick taverns (now trading as Independent Taverns Limited) and manager of the "WP", former All Black Horsley still looks more like a rugby player than a politician.

"In the old days, the idea of a politician was a guy who had a drink with every customer. My health just wouldn't stand it."

"I was lucky - playing rugby made it easy to refuse a drink... it wasn't too hard to continue."

People laugh at him, he says, because he doesn't drink alcohol on the premises - but "you're more able to handle a tense situation".

He started in the pub game as a representative for a wine and spirit company in 1961.

Then he took a 10-year lease on a hotel in Motueka, a "flourishing little town" serving a large community. But he put in a manager for the last few years and returned to Wellington, his birthplace, in 1972.

A small group had decided to buy the freehold of the Western Park, situated in the historic Thorndon area. Horsley was invited in as a shareholder/manager.

It was a gamble, but he was young and eager.

Horsley says they paid the "maximum market price" at the time, but thanks to inflation and rising value of the Thorndon area.

First up, was a revamp of the two downstairs bars, primarily to make them less labour intensive. At the same time they tried to retain the character of the wooden tables and the leather stools in the Bass bar.

One of the few suburban taverns in Wellington city - it was built back in 1861 in the heart of a residential area - many of its customers still live within walking distance.

Horsley says it was intended as a neighbourhood-style pub, but aimed toward the "younger" people.

With the acquisition of the Brunswick came the formation of Independent Taverns Limited. Together the two pubs enjoy "a large slice of the market", says Horsley.

But the breweries control the pub game. "When we came here we dealt with New Zealand Breweries, Waikato and Leopard. With the takeover of Waikato, and to a degree Leopard, we've lost something. Now it all comes from the same brewery," says Horsley.

The WP had a reputation for not being a "tied house". But Horsley recalls that things were made more difficult when shareholders sold their shares to give Lion an interest.

"The relationship is very good; we can use their expertise, particularly their architectural expertise. But the breweries would still like you to sell 100 per cent of their products. They can still make life difficult."

Horsley places great strength on independence. He says the customer is entitled to a reasonable choice of



PRICE CUTTING... profit lies in buying big and at right price

product. He recalls a previous incident, when he approached the breweries for finance.

The upshot would have been a restricted buying clause written into the contract.

"It made me want to go elsewhere. It would have made resale of the pub very awkward."

Horsley is watching with interest the various Commerce Commission inquiries into liquor trade practices, specially the Philips and Pike - Baillie Wines and Spirits case (NBR June 27 and September 26).

Like Westport-based Baillie Wines, Horsley's operation is renowned for its cut-prices.

Baillie claims the breweries are using their muscle to prevent his company price-cutting by creating harsh terms of supply. But it seems the breweries have turned a blind eye to the Wellington group.

Horsley emphasises he's giving his personal views, when he says there has been a lot of pressure put on them by some merchants and the Hotel Association.

"They tried to come up with ways and means of stopping us; it's brewery policy not to enter the price-cutting area."

"We did lots of homework - studying costs and marketing - before going in."

"People think that just because you sell at a reduced price you're giving it away. We just buy at an advantageous price," and he says that means buying huge quantities at a time.

"We're having a hassle with a wine company at the moment whom we've always dealt with through a merchant. The merchant was prepared to pass on cheap prices because it wasn't actually handling the goods."

but pressure was brought to bear on the wine company and we now have to pick up the product locally, without charging to the merchant as before.

"It will add 10 to 12 per cent to our costs. Their excuse is that they are waiting for the Philips and Pike case to be resolved."

Horsley hopes Baillie wins its case and argues there is an important principle involved.

"The big people in the liquor trade are big - really big; lots of muscle, lots of power."

He recalls that one of the larger wholesaling companies supplying products for cut pricing had "so much pressure brought to bear on them, there was no way they could continue supply."

The problem with wholesaling, is that there are not enough independents, says Horsley. With so many brewer-controlled outlets, a renegade wholesaler can be left out in the cold.

Horsley says his group has considered setting up its own bond company to serve the taverns. The Wellington City Council has given the group light for a further licence at Greys Point, in Evans Bay,

who just wants to sell to the consumer to drink at home." People are responding not only to prices, but to the energy crisis and the drink and drive blitz."

There has been plenty of talk of neighbourhood pubs and supermarkets selling liquor. "I think by the mid-1980s we'll join the rest of the world with supermarket outlets," he predicts.

But the problem with neighbourhood pubs is that no one wants to have them sited next door. "Sports clubs could become the neighbourhood pubs of the future," he says, pointing out it will mean more liberalised hours for ancillary licence holders.

But we're a sports-loving nation after all... "half our customers belong to a sports team or club". He knows the problems the clubs have. He's been on committees and still coaches.

It means playing a double role at times. He finds he must oppose the club views with his proprietor's hat on.



RON HORSLEY... emphasis on independence

Monocooustic ceiling panels performance in down-to-earth terms.



We'd like to clear the air. With some uncluttered statements about ceiling design.

About what to expect from AHI Fibreglass Monocooustic ceiling panels. What benefits they provide. How to take advantage of inherent design features.

First, the creative, aesthetic aspect. Monocooustic panels are manufactured in a range of sizes up to 3000 x 1200 mm - made possible by the dimensional stability of fibreglass.

The variety permits a high degree of structural versatility, favours the creation of harmonious ceiling designs. With fewer exposed grid members.

The same strength from dimensional stability also prevents installed panels from sagging. Monocooustic panels present a bright, clean face to the room. Attractive, textured vinyl finishes that give good light reflection (ASTM C623 - 75 per cent reflection).

Reduce heat loss, noise transference - even tax.

Next, Monocooustic panels practical, technical benefits. As an insulator, the firm boards of resin bonded glass fibres display remarkable thermal resistance.

Panel 66 mm thick provide an R value = 1.912 m² °C/W min.

A VITALLY IMPORTANT FACTOR in maintaining ENERGY COSTS in most buildings.

The whole cost of installing thermal insulation material in commercial and industrial premises is tax deductible. AHI Fibreglass Monocooustic Ceiling Panels qualify for that rebate.

They also insulate against noise, having a range of NRC values between .51 and .86. Natural acoustic properties dampen sound within a room, improving everybody's concentration.

Light, safe, easy

Light weight is one of a number of other useful benefits. NZS4203 controls seismic bracing standards for suspended ceilings. AHI Monocooustic panelling is one of the lightest systems available.

Therefore also one of the safest. One of the fastest and cheapest to install. Its light weight requires no expensive bracing. Monocooustic panels 66 mm thick weigh 2.34 kg per m².

In fire safety terms, the product has been tested according to AS1530, Part 3 requirements. Monocooustic ceilings will neither support combustion nor help a fire spread.

Fix and forget

Finally, some points about maintenance. Monocooustic panels won't ever rot, go mouldy in damp conditions or support bacterial or fungal growth. Nor does moisture affect their stability.

If the need ever arises, new sections are easily cut and fitted. Fibreglass cuts and shapes quickly to go around ducts and fittings. One of the advantages that helps make the original installation fast and cheap.

Only a damp cloth and soapy water will ever be needed to maintain the bright vinyl surface. The sort of "fit-and-forget-it" ceiling that building owners normally only dream about. Because tenant call-backs can be a nightmare.

AHI Fibreglass Monocooustic Ceiling Panels. A down-to-earth system for an up-in-the-air requirement.

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